

## SAP Customer Success Story Chemicals – Plastic Foam Products



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### AT A GLANCE

#### Summary

To consolidate financial reporting for its 8 legal entities in 5 locations, Marine City, Mich.-based Fagerdala World Foam’s U.S. operations implemented Microshop, a qualified partner solution based on the SAP® Business One solution. With this software and with only half the accounting staff as before, the industrial foam products supplier now closes the books 75% faster.

#### Web Site

[www.fagerdala.com](http://www.fagerdala.com)

#### Key Challenges

- Reduce the time and cost entailed in consolidating U.S.-wide financial results
- Improve management’s access to manufacturing and financial information

#### Project Objectives

- Implement a single financial solution for all of the company’s widely dispersed U.S. operations
- Simplify business processes for users and managers alike

#### Solution and Services

Microshop qualified partner solution based on SAP Business One

#### Why SAP Solution

- Solution’s ability to cover all facilities from a central location
- Integrated accounting and manufacturing processes

#### Implementation Highlights

- Initial implementation made by implementation partner, with coaching and support thereafter
- Subsequent installations conducted by Fagerdala internal personnel

#### Key Benefits

- Recouped investment within 6 months through cost savings
- Reduced time to close books from 45 days to 6 days
- Cut accounting staff from 9 full-time equivalents to 4.5
- Attained visibility for all key operational and financial information anywhere, anytime

#### Existing Environment

Small PC-based accounting and production control systems

#### Database

Microsoft SQL Server

#### Hardware

HP

#### Operating System

Microsoft Windows 2003

## FAGERDALA USA INC.

### Young Company Uses the Microshop Qualified Partner Solution Based on SAP® Business One to Consolidate Dispersed U.S. Operations

Fagerdala World Foams built its U.S. operations opportunistically – acquiring a number of small complementary companies that came available about the same time. To speed reporting for these disparate operations, Fagerdala USA Inc. – now headquartered in Marine City, Mich. – implemented Microshop, a qualified partner solution based on the SAP® Business One solution. The software wound up helping Fagerdala consolidate not only its financials but the very fabric of the company itself.

Eight legal entities in five locations comprise Fagerdala USA, the U.S. subsidiary of the industrial foams giant based in Gustavsberg, Sweden. Together the U.S. operations employ almost 250 people and generate nearly US\$40 million in annual sales. The plants make bicycle helmets, toys, packaging for the automotive and agricultural industries, and much more – products that have one thing in common: they are all made from industrial plastic foam.

With little in the way of business system infrastructure to start with, it took the young firm far too long (45 days) to consolidate financials from across the country and close the books at the end of every month. Building up the accounting staff was hardly the answer, since nine full-timers were already in place. A far better answer was to implement a single comprehensive solution to cover all U.S. operations.



### Complete ROI in Six Months

Now with the qualified partner solution based on SAP Business One, Fagerdala has united all its key business processes and all its dispersed locations using a single solution. Besides equipping Fagerdala's people with complete general ledger capabilities, the system automates manufacturing cost controlling and data collection, material purchasing, plant resource scheduling, and

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bill of materials creation. It also breaks down complex manufacturing jobs into specific operations and provides estimates for each step. In addition, it tracks all the company's customers and vendors and the transactions that Fagerdala conducts with them.

"The system permitted us to cut our accounting staff from nine full-time equivalents to four and a half, which alone allowed us to recover our investment within six months," reports Lou Giovannone, group controller at Fagerdala. "But you can't measure the value of our solution that simplistically. SAP Business One is more than just a cost saver – it's an absolute essential for doing business. We couldn't have continued very long taking 45 days to close a 30-day period. Thankfully it's down to 6 days now, and that includes time for our plant managers to conduct reviews of the results. We could do it in 2 or 3 days if we had to.

"Just as important are the organizational benefits we're experiencing from the system," he continues. "With anywhere, anytime access to critical information – inventory, shipments, production, scrap, and much more – management is far better equipped to run the company. In addition, our managers communicate more effectively with one another since they're all speaking from the same page, which helps unify Fagerdala into an organization with a single purpose."

As beneficial as the SAP Business One and Microshop system has been for Fagerdala, far more value lies ahead as the company continues to exploit the software's potential. Next in the plan is real-time production monitoring, which will provide plant managers with up-to-the-moment status reports on production and scrap, allowing them to make immediate adjustments rather than waiting until the end of the day. Another goal is to tap the system's procurement automation features. Not only will this improve purchasing efficiency, but it will be a major stride toward improving the firm's overall forecasting capability – ultimately leading to automation of the entire scheduling process.

"I've had extensive experience with five major manufacturing resource planning systems, and I can tell you that the SAP Business One and Microshop system stacks up very well against the best of them, even though it targets smaller companies. It is very flexible and is much more reasonably priced," concludes Giovannone. "It's fast and it's easy to navigate from top-level financial statements down to details like individual invoices and purchase orders. The amount of information we can quickly and easily retrieve is incredible. It's a very impressive system."