

## Case Study:

*Techtronic Industries Australia SAP ECC 5 Implementation and Process Review*

## Techtronic Industries

### THE RIGHT TOOLS TO GROW

#### Summary:

#### Lodestone's adaptability helps optimise an SAP implementation

Techtronic Industries Australia (TTi) moved to a new ERP system (SAP ECC 5) in June 2006. The vital implementation of SAP ECC 5 over a new business, formed from the merging of several established ones, had completed its first stage. Lodestone was engaged to identify and implement initiatives and improvements that leveraged stage one of the implementation, which included:

- Managing and delivering end user training, documentation and support nationally.
- Implementing new functionality and processes for management and operational reporting, materials planning, forecasting and dispatch.
- Significantly improving the sales order management process and service notification process through implementation of Lodestone specific IP, developed from previous industry and SAP experience.

#### The company:

#### Powerful brands to get the job done

TTi distribute and market a wide range of quality power tool products for the DIY enthusiast, the homeowner and the professional tradesman. The product range includes consumer power tools, professional power tools, bench top machinery, garden tools, pressure washers and a host of complimentary accessories.

Brands include **Ryobi®**, **AEG**, **Milwaukee®**, and **Homelite®**

TTi is a wholly-owned subsidiary of the Hong Kong-based Techtronic Industries Co. Limited, and was formed with the acquisition of the AEG and Milwaukee brands of power tools to join the already successful Ryobi business.

#### Project outline:

#### Optimising a business critical project

SAP ECC 5 was the chosen ERP system of the newly formed TTi, specifically implementing the Sales and Distribution, Materials Management, Financial and Production modules of SAP. As well, the implementation of complex Rebate Agreements, extensive financial reporting and direct connectivity to key customers and suppliers (EDI processing) was required.

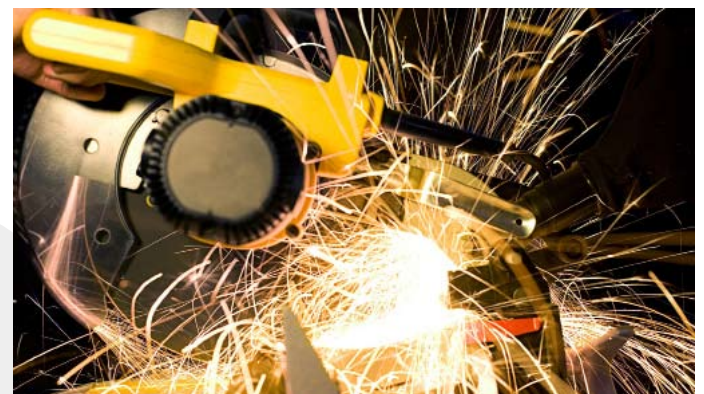
Lodestone was engaged to enhance the initial SAP implementation and overlay its extensive IP and experience.

#### Background and challenges:

With a continually expanding product offering, organisational restructuring and significant growth forecasted, TTi needed a robust and integrated system to help streamline business processes, improve service to customers and generally support long-term business goals.

Some of the key challenges faced by the client were:

- Relatively new employees and management.
- Tight project time frame.
- Delivering the project while moving to new facilities.
- Dealing with the demands of new product lines.



## **Project objectives:**

### **Provide flexibility and functionality on time**

The overall project objectives included to:

- Integrate the new brands into the business and allow for the ability to individually report on financial results of each brand.
- Provide for flexible real-time reporting.
- Provide for flexible business processes to meet changing demands of suppliers and customers.
- Enhance the ability to capitalise on market opportunities.
- Improve on supply chain inefficiencies.
- Support strategic revenue generating initiatives, including sales growth and improved customer service.
- Increase speed of product delivery to customers.
- Provide for better inventory management.
- Provide for direct connectivity to key customers and suppliers to streamline order management and fulfilment.



## **Solution:**

### **Industry knowledge and expertise to optimise solutions**

With a vast array of industry knowledge in the wholesale and distribution sector, Lodestone's consultants were able to quickly identify with the pains of the business and adapt their solution to leverage the investment to date in the project, while maximising future value to the business.

Some of the key solutions and improvement areas initiated by Lodestone included:

- Using business expertise and experience to fine-tune business processes and train users to better leverage system capabilities.
- Implementation of Lodestone's Sales Console to facilitate the customer service process.
- Solve complex rebate agreement requirements.
- Implement complex pricing scenarios.
- Delivery of flexible reporting capabilities.
- Provide complex planning and forecasting capabilities.
- Improvement of the pick and delivery process allowing for quicker shipments to customers.
- Online service capability for warranty.
- Provide full staff training and documentation.

SAP modules implemented:

Sales and Distribution, Materials Management, Financial and Production.

## **Outcome:**

### **The right solutions within time and budget to build business value**

Lodestone was very successful in providing TTI with a viable business and system solution.

Within tight time and budget constraints, Lodestone was able to quickly provide solutions to optimise this business critical implementation and build management's confidence in the system's ability to support and grow their business.

Lodestone continues to work closely with TTI on initiatives that will provide additional leverage of their SAP investment and drive further efficiencies and cost savings to the business.

## **Feedback:**

**".....real world practical experience and their ability to work with our staff to implement practical solutions utilising SAP"**

**Grant Edhouse**, Chief Financial Officer, Techtronic Industries.