

## SAP Customer Success Story

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Paul Sullivan, general manager for Conair Canada



### AT A GLANCE

#### Company Name

Conair  
www.conaircanada.ca

#### Industry

Consumer Products

#### Key Challenges

- Align inventory position with customer demands for faster turnaround and more direct shipments to stores on a global basis; ultimately to achieve a 100% fill rate
- Engage in collaborative planning with customers to link them more closely to anticipated demand

#### Solution and Services

- mySAP™ Supply Chain Management (mySAP SCM)
- SAP® Business Intelligence (SAP BI)

#### Key Benefits

- Enable Conair to quickly troubleshoot bottlenecks due to pricing, credit, material availability and allocations, and delivery dates.
- Increase visibility into order pricing, including allowances on deductions
- Allow the company to understand profitability at the customer and material level to better manage sales opportunities.

## CONAIR

### CONAIR USES MYSAP™ SCM TO ALIGN SUPPLY AND DEMAND DYNAMICALLY AND EXPECTS TO IMPROVE INVENTORY TURNS AND CUSTOMER SERVICE

Conair Corporation is a worldwide producer of trendsetting health and beauty products and kitchen and electronic appliances. The company markets a diversified range of professional and consumer products under its own brand names beginning with Conair and continuing with Cuisinart, Waring, Interplak, and Southwestern Bell Freedom Phones.

Conair sources its products primarily from contract manufacturers in the Far East. The company implemented mySAP™ Supply Chain Management (mySAP™ SCM) to unite its extended global operations in response to the unrelenting demands of the retail customers it serves. “Customers are issuing smaller orders, demanding faster turnaround, and requiring more direct shipments to stores,” says Paul Sullivan, general manager for Conair Canada. “They also want to do collaborative planning, where they participate in developing our forecasts to link them more closely to anticipated demand. mySAP SCM will help us address these needs.”

The challenges are particularly acute in the consumer packaged goods (CPG) sector, where new products are being continuously introduced to satisfy – and drive – customer taste. “A good percentage of our product line is considered fashion items,” says Jim Sajkowsky, corporate director of IT.



Conair is currently implementing the demand planning and supply network planning capabilities of mySAP SCM in Canada to more accurately forecast – and then fulfill – that rapidly shifting demand. “The ultimate goal is to get our inventory position in line with customer requirements on a global basis,” says Bob Rzasa, systems and programming manager and SAP® Advanced Planning & Optimization (SAP® APO) project manager. “mySAP SCM will provide us with a global methodology for forecasting that will drive our supply network planning systems and supply chain. We will now be able to integrate these operations and adjust them to reality on a day-to-day basis.”

“A key objective is to achieve a 100% fill rate with our customers and for them to be in stock 100% for their consumers,” says Clem MacMullin, controller for Conair Canada.

That not only means better customer service and more revenue. It also means less wasted inventory. “With mySAP SCM, we have visibility into forecasts, inventory, and production, which will enable us to turn off the tap quicker and reduce obsolete goods,” Sullivan says. “We don’t want to be in a situation where by the time a fad is over we have finally caught up with orders and have enough stock to ship the goods that the consumer no longer wants.”

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Conair anticipates solid metrics from the mySAP SCM implementation, including fewer canceled orders, a decrease in freight costs, and improvements in inventory turns. Conair also expects to improve days sales outstanding (DSO) and eliminate penalty charges and other chargebacks from customers for nondelivery of products.

The company also expects that improved supply chain performance will improve opportunities with its customers. In implementing mySAP SCM, Conair is aligning itself strategically with

the CPG market. “Any consumer products vendor today who is not investing in forward-looking technology like mySAP SCM will not be here in five years, because there are so many new customer initiatives – like automated product labeling and price ticket-

ing at the factory, radio frequency identification [RFID] tags, and store-level ordering – to address in consumer packaged goods and retail,” Sajkowsky says.

## **INTEGRATING DEMAND AND SUPPLY**

Conair first implemented mySAP SCM in Canada and is now rolling out the solution to five continental European subsidiaries, to be followed by the United Kingdom and the United States. When complete on a global basis, the implementation will encompass 150 major customers and 5,000 stockkeeping units (SKUs).

Eighty percent of customer orders come in through Electronic Data Interchange (EDI), the remainder by fax. Customers in the United States and Canada place their orders directly. The majority of orders come directly from customers in Europe as well, although buying consortiums also purchase selected product lines and place orders.

Each Conair sales organization around the world will use mySAP SCM to prepare a forecast on a monthly basis. These forecasts will be consolidated worldwide to create purchase orders for the outsource vendors. “Our Hong Kong location coordinates the manufacture and distribution of product for each of the sales organizations,” Rzasa says. “On a daily basis, it will use mySAP SCM to look at a forecast or a forecast change and immediately know if there will be an impact in the supply chain – such as a time or capacity delay – between the vendor and the Hong Kong docks.”

mySAP SCM will alert Conair if a vendor is reporting a late shipment or if there is a problem with a purchase order or purchase order change. “Because we’re in the fashion item business, we may suddenly get an order with-in lead times for additional product,” Rzasa says. “We can then use mySAP SCM to make some decisions about moving product around to increase the amount a customer will get. There could be some collaborative discussions among the various sales organizations as to how they can adjust their sales cycles. Or Hong Kong could step in and say, ‘Such-and-such vendor can start up another line.’ Alert mechanisms in mySAP SCM will allow us early enough in the cycle to respond to unanticipated demand from our customers.”

These mySAP SCM capabilities, integrated with the rest of mySAP™ Business Suite, will enable Conair to quickly troubleshoot bottlenecks due to pricing, credit, material availability and allocations, and delivery dates. Increased visibility into order pricing, including allowances on deductions, will also allow the company to understand profitability at the customer and material level to better manage sales opportunities.

### **GETTING TO THE BOTTOM LINE WITH MYSAP SCM**

Conair expects that mySAP SCM will have a profound impact on its bottom line. “It’s an overused phrase – to have what the customer wants, when he wants it – but the bottom line impact of that one statement is enormous,” Sajkowsky says. “You’re not carrying obsolete inventory – you’re carrying the inventory the customer wants, and it is there when they want it. That alone eliminates so many costs of doing business that we incur today – multiple handling of an order, multiple shipments, air freight, out-of-territory shipments, and penalty charges from the customers because they didn’t receive what they ordered.

“We may also try to sell a substitution item, instead of what the customer wanted,” he adds. “Some of these things can be dollarized and some cannot. A happy customer is not a dollar value, but it certainly is important to your bottom line.”

mySAP SCM will also dramatically change the way people work at Conair. “One of the strengths of this company has been its ability to react very quickly to customer demand issues,” Sullivan says. “mySAP SCM will allow us to further improve our service to our customers.”

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*Bob Rzasa, Systems and Programming Manager*

### **COLLABORATIVE PLANNING WITH CUSTOMERS**

Much of that service improvement will come through enhanced visibility into demand. This information can then be driven out to the supply network. “We are going to be using a single instance of SAP APO,” Rzasas says. “We will be able to consolidate requirements from around the world and see the impact on purchase orders to vendors in real time. We will also be able to model vendor capacity in mySAP SCM, which is a key capability. It will help us better manage manufacturing facilities and identify potential problems.”

That will strengthen collaborative planning with customers. “More and more of our customers want to do collaborative planning and get involved in our forecasting,” Rzasas says. “Once you establish joint ownership of the forecast, you have to be able to guarantee to customers that they are going to get the forecast inventory. That also requires global available-to-promise, another capability of mySAP SCM.”

Conair expects this collaborative planning to take place in a variety of ways: online, through EDI, face-to-face meetings, and telephone conferencing. These will be only the first steps toward an even tighter linkage between Conair and its customers. “Down the road, we want to import customer forecast information into mySAP SCM from customer systems and POS [point of sale] data to help us generate an even better forecast,” Sullivan says.

That, Conair believes, will provide the competitive differentiation it requires as a midmarket vendor competing with the CPG giants. “Everything vendors wanted to do 15–20 years ago, but the technology wouldn’t let them – like Kanban (to improve material flow) and VMI [vendor-managed inventory] – is now popping up right and left as a customer requirement,” Rzasas says. “Having a system in place like mySAP SCM will enable us to better manage our inventory, eventually at a customer-specific level. This is going to give us a leg up on the competitors in the years going forward, provided we take advantage of this tool now.”