



DOW CORNING

GETTING DISPUTES OUT OF THE WAY OF BUSINESS

QUICK FACTS

Industry

Chemicals

Revenue

US\$5 billion

Employees

9,000

Headquarters

Midland, Michigan

Web Site

www.dowcorning.com

SAP® Solutions and Services

SAP® Dispute Management application, SAP NetWeaver® Business Intelligence component

Implementation Partner

SAP Consulting

Dow Corning Corporation, a world leader in silicon-based technology and innovation, needed to better manage invoice disputes with customers about quantities, pricing, and other issues associated with deliveries. Using the SAP® Dispute Management application and the SAP NetWeaver® Business Intelligence component, the company greatly reduced the number of disputes and the time it takes to resolve them – freeing up working capital, reducing labor costs, improving cash flow, and increasing customer satisfaction.

Key Challenges

- Cumbersome, manual, error-prone methods for resolving disputes
- Lack of visibility into root causes of disputes
- Lack of accountability in the dispute management process
- Inordinate number of disputes
- Lengthy dispute resolution process

Implementation Best Practices

- Engaged SAP Consulting to provide implementation advice
- Secured input on requirements from all groups involved
- Created dashboard that presents summary information about disputes at a glance
- Developed functionality to handle over-payment situations
- Involved users extensively in testing

Financial and Strategic Benefits

- Pinpointed root causes of many disputes
- Adapted business processes to avoid future disputes
- Increased accountability across multiple roles to speed dispute resolution
- Improved customer satisfaction
- Saved much of the time and costs typically entailed in dispute resolution

Why SAP Was Selected

- Integration with the SAP® ERP Financials solution already in place
- SAP's commitment to continually enhancing SAP Dispute Management and the SAP Financial Supply Chain Management set of applications
- Powerful case management and workflow functionality
- Strength of reporting environment
- Confidence in SAP established over many years

Low Total Cost of Ownership

- Completed implementation in 4 months, on schedule and within budget
- Accommodated worldwide needs in initial North American process design, easing global rollout
- Kept support infrastructure lean and effort required to a minimum

Operational Benefits

Key Performance Indicator	Impact
Number of dispute cases created	-17%
Average time to resolve disputes	-29%
Working capital tied up in disputes	-25%
Labor entailed in resolving disputes	-50%
Coordinators achieving 45-day dispute resolution goal	From 0 to 70%

DOW CORNING

“Our new SAP software not only helped us cut our number of dispute cases and resolution time, but it gave us the visibility into root causes we needed to head off disputes in the first place.”

Ritch Cushway, Global Customer Financial Services Manager, Dow Corning Corporation

www.sap.com/contactsap

Dow Corning Corporation, co-owned by Dow Chemical Company and Corning Incorporated since 1943, is one of the longest-lasting joint ventures in corporate America. True to its original charter, the firm continues to explore the potential of silicones and currently offers more than 7,000 silicone-related products and services.

Disputes Impact Cost-Effectiveness and Customer Satisfaction

Like all companies, Dow Corning experiences invoicing disagreements with customers over such issues as pricing, quantity shipped, and damaged goods. The firm managed disputes by manually entering data into spreadsheets – time-consuming and error-prone work – and providing them to its 60 dispute coordinators for processing. The coordinators used e-mail to gather additional information to help resolve the disputes. However, e-mail was often not answered or lost – with no audit trail to ensure follow-through or accountability.

The firm determined that disputes took too long to resolve, consumed too many resources, and frustrated customers. Based on the Six Sigma quality improvement process, a cornerstone of Dow Corning's commitment to delivering value, the company initiated two projects: one to pinpoint the root causes of disputes, another to reduce resolution time by improving collaboration between departments.

Dow Corning Streamlines Dispute Management with SAP® Software

A longtime user of SAP® software, the company turned to it for help. “We found that SAP had been pouring extensive resources into the SAP Dispute Management application, developing powerful functionality for managing dispute cases,” says Ritch Cushway, global customer financial services manager for Dow Corning.

A team was assigned to conduct the North American implementation. SAP Consulting was engaged to provide recommendations. All groups involved in dispute management – salespeople, coordinators, and managers – participated in planning.

To help pinpoint root causes, Dow Corning chose the SAP NetWeaver® Business Intelligence component, because it is tightly integrated with applications containing the necessary data. Using this software, the team designed a dashboard that summarizes dispute-related information, such as aging invoice disputes, case backlogs, number of open disputes, and percentage of deliveries disputed – all displayed in easily understood charts, graphs, and tables.

The team implemented SAP Dispute Management to streamline dispute processing by improving workflow and accountability. For example, automatic alerts are sent to salespeople when disputes pass the 30-day mark. Similar alerts escalate unresolved disputes to sales management after 45 days.

Disputes Are Fewer and Quicker to Resolve

Both projects were highly successful. The average time to resolve disputes is down from an estimated 85 days to 60 days today. Better still, 70% of dispute coordinators have achieved their initial goal of resolving disputes within 45 days and are progressing toward the ultimate goal of 30 days.

Reports helped the firm identify the root causes of disputes and take steps to prevent them. Product data on every purchase order is now matched against the sales order and pricing information in the SAP software. Customers' price expectations are solicited and compared with actual product pricing, with discrepancies resolved up front. Due to such improvements, dispute cases are already down 17% and continue to drop. With fewer cases and quicker resolution, the firm could redeploy 25% of the dispute management staff to other positions.

As a result of this success, Dow Corning is extending the implementation to its European operations and will ultimately extend it globally. In an effort to further streamline invoicing processes, Dow Corning will implement the SAP Collections Management application, which, along with SAP Dispute Management, is a component of the SAP Financial Supply Chain Management set of applications. The firm is also implementing the SAP Treasury and Risk Management application.

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