



TRADE UNION INTERNATIONAL
MULTIDIVISION COMPANY ENHANCES
OPERATIONS WITH SAP® BUSINESS ONE

“SAP Business One has already made us a better company. We’re excited at how well we’re now positioned to operate more efficiently and grow our business internationally.”

Mei Lein Chang, Vice President and Cofounder,
Trade Union International Inc.

QUICK FACTS

Company

- Name: Trade Union International Inc.
- Headquarters: Montclair, California
- Industry: Retail
- Products and services: Automotive supplies and parts, and licensed sports merchandise
- Revenue: US\$100 million
- Employees: Approximately 560
- Web site: www.tradeunion.com
- Implementation partner: Vision33 Inc.
- Software solution partners: Accellos Inc. and Valogix LLC

Challenges and Opportunities

- Strengthen operations by enabling all areas of the business to share information more easily
- Increase operational efficiency by replacing outdated and unreliable software
- Enhance profitability by gaining control over inventory

Objectives

- Implement comprehensive enterprise resource planning (ERP) software to standardize business processes and consolidate information
- Establish a scalable and flexible IT foundation to support international business and future business expansion
- Simplify daily task management for employees

SAP® Solutions and Services

SAP® Business One application

Implementation Highlights

- Staged rollout and use of implementation best practices
- Company-wide use of new software

Why SAP

- Support for core business processes
- User-friendly interface
- Proven software

Benefits

- 50% improvement in inventory accuracy
- 70% reduction in planning cycles
- 20% reduction in inventory
- 60% reduction in order fulfillment time
- 90% reduction in shipping errors
- High cycle count accuracy (over 95%)
- Savings of thousands of dollars per year on physical inventory
- Access to accurate and up-to-date information across the company for informed decision making
- Higher customer satisfaction through accurate, on-time order fulfillment

Existing Environment

Legacy ERP software

Operating a fast-growing business is challenging enough. Now compound that by managing a second division offering a completely different product line. That's the daily reality for Trade Union International Inc., a company running one business that markets aftermarket auto and truck wheels and another – Duck House Products – that distributes licensed sports merchandise. Unfortunately, its legacy enterprise resource planning (ERP) solution wasn't keeping up with the company's needs as both divisions grew. "We had stretched our 20-year-old ERP software to its limits," explains Mei Lein Chang, vice president and cofounder of Trade Union International.

To ensure the highest levels of customer satisfaction and expand business, Trade Union and Duck House need to fulfill orders as quickly as possible and without fail. This requires both divisions to optimize key processes across sales, procurement, financials, and warehouse management. The key to achieving this objective was to replace outdated ERP software with the SAP® Business One application, along with Accellos One Warehouse, a multimodule warehouse management solution that integrates with SAP Business One.

Founded in 1981, Trade Union finished 2008 with US\$100 million in annual revenue. The company maintains a manufacturing facility near Shanghai, China, and a 100,000-square-foot warehouse in California. Trade Union distributes the products of its two divisions domestically and internationally and employs nearly 560 people across its operations.

Lack of Integration Stymies Growth

While Trade Union and Duck House had managed to run their businesses on legacy ERP software for years, operations and processes were less than optimal. The disconnects between the front office and the warehouse led to a reliance on inaccurate, outdated information, which caused a ripple effect throughout the business. "Our company was extremely compartmentalized, largely due to software inadequacies," explains Gary Chang, marketing manager at Trade Union.

The software's limitations hindered efforts to satisfy customer requirements. The company struggled to derive an accurate sense of product on hand at any given time, as it was unable to make provisions for safety stock, calculate fill rates, or determine consumption history. As a result, it would either run out of

inventory or carry too much. Furthermore, because the sales team was accessing inaccurate stock counts and incorrect anticipated delivery dates, it often overpromised amounts and delivery dates to customers. "We either couldn't fulfill orders or were spending too much money on inventory," says Bill Boiler, warehouse manager at Trade Union.

Struggling with Data Issues

Trade Union and Duck House were unable to capture all attributes related to their product lines. Without clear product descriptions and a centralized view into bin locations, warehouse workers wandered the aisles, traveling from bin to bin to fulfill orders from paper tickets. "We spent an inordinate amount of time manually consolidating data about our inventory and fulfilling orders," says Boiler.

Because the legacy ERP software could not calculate data in real time, employees were forced to post all transactions manually at day's end. If a problem occurred with the software while sales orders and invoices were being recorded in the general ledger, everyone would have to exit the system. "We wasted so much time entering the data – and waiting for system resets," explains Gary Chang.

To compound matters, the legacy software's built-in report functionality was difficult to use. Plus, it was impossible to export data from the software into a spreadsheet for reporting purposes.



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Bill Boiler, Warehouse Manager,
Trade Union International Inc.

As a result, Trade Union was continually hiring consultants to develop special reports, an expensive proposition that frequently left the company waiting for critical insights.

While Trade Union had managed to customize its legacy ERP software over the years to fit its needs, the company finally stretched the software beyond its limits. “All our customization eventually destabilized the software, leading to frequent crashes. We needed to find a solution that could reliably support our core processes if we wanted to continue growing the business,” explains Gary Chang.

Finding a Solid Foundation for an Evolving Business

Trade Union started looking for ERP software that could support its core processes and international operations, enable standardized processes across

supported by an implementation partner with expertise in our industry,” explains Mei Lein Chang.

Trade Union selected Vision33 Inc., an SAP channel partner and reseller of SAP Business One based in Irvine, California, as its enterprise software partner. Vision33 in turn recommended that the company evaluate Accellos One Warehouse for its warehouse management system. Trade Union looked at and considered several warehouse management platforms but chose the Accellos solution based on the strength of its integration with SAP Business One.

To minimize disruptions across the company, Trade Union chose to roll out the new software in stages. Working with Vision33, it started the implementation with Duck House, the smaller of the two divisions. Within two months of going live with Duck House, Vision33 and

Improving Business Through Tighter Operations

With fully integrated business process and warehouse management software in place, Trade Union’s operations have improved dramatically. Integration between the warehouse and the rest of the business improves accuracy, insight, and planning.

The company has been able to standardize processes across both divisions due to the range of functionality in SAP Business One. Now any employee from either division can enter a sales or purchase order or even pull an order – for either Trade Union or Duck House. “SAP Business One has empowered our employees to handle more processes and tasks, an important capability in a small company,” explains Gary Chang.

All information entered into the application appears in real time, enabling everyone company-wide to view sales orders, inventory, and other critical data as needed. Whereas managers had to manually create reports in the past, they can now easily generate standard reports and export data to a spreadsheet. With a clear view into inventory on hand and on order, the sales team can be certain of satisfying – and warehouse workers can easily fulfill – customer orders. In fact, the company has reduced order fulfillment time by 60% and shipping errors by 90%. As a result, customer satisfaction has soared.

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Gary Chang, Marketing Manager, Trade Union International Inc.

multiple divisions, and offer a user-friendly interface. Ultimately, it chose SAP Business One. “We knew of the SAP brand and its reputation. The software met all our needs. Besides, it was clear that implementation would be harder with the other software solutions. Plus, with our small IT presence in-house, we wanted software that was

Trade Union rolled out the software across Trade Union. “The second implementation went relatively smoothly because we involved all our employees from the outset and were able to apply best practices learned during the first stage,” explains Gary Chang. Now all of the company’s employees use the SAP software.

Gaining Easier Access to Data

Because the SAP Business One interface is user friendly, employees can easily enter and access information. In fact, many processes now look similar, putting employees at ease while using the software. For example, in SAP Business One, the processes for entering a purchase order and sales order are virtually the same.

With access to accurate, real-time data, the company's management team can gain insight into how the business is performing at any time. "SAP Business One enables us to run our business 20% more efficiently, which ultimately leads to greater profitability," says Boiler.

Even the company's periodic audits by an external CPA have been positively impacted. Shortly after Trade Union implemented SAP Business One and the Accellos software, the CPA arrived with a team of four to perform a full-scale inventory audit. Because of the integration between the ERP and warehouse management software – and the use of radio-frequency identification functionality – all information is captured in the ERP solution in real time. The auditors were able to conduct real-time counts in a single day, instead of the five days they had set aside. Not only was the

cycle count accuracy over 95%, but Trade Union was able to save on a full week's auditing costs.

"Now we perform regular cycle counting, which saves us a tremendous amount of time. Plus, we are able to significantly trim our physical inventory, saving us tens of thousands of dollars per year," says Boiler. Inventory accuracy has improved by 50%, and planning cycles take 70% less time. Just as important, the company has been able to reduce inventory by 20%.

Preparing for Future Expansion

Trade Union expects SAP software to serve it for years to come. In fact, it's already preparing to take advantage of new enhancements in the next version of SAP Business One. By doing so, Trade Union can be certain that it's reaching its full potential. "We'll continue to enhance our SAP software environment with additional SAP software that suits our needs," says Gary Chang.

"SAP Business One has already made us a better company. We're excited at how well we're now positioned to operate more efficiently and grow our business internationally," concludes Mei Lein Chang.



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