

## Aleris Aluminum Koblenz GmbH optimizes important business process Order-to-Cash

# 30% Savings in Order-to-Cash Project

### Aleris Aluminum Koblenz GmbH

Aleris Aluminum Koblenz GmbH in Koblenz, former Corus Aluminium Walzprodukte GmbH, is one of the leading manufacturing companies of qualitative high value rolled products with a sister factory in Duffel, Belgium, belonging to the business division Aleris Aluminium Rolled Products – Europe. In 1964 the production started in Koblenz and today the company belongs to the international operating Aleris International Inc. with its headoffice in Beachwood, Ohio. Their products are tuned for individual solutions of very different customer requirements.

- ▶ [www.aleris.com](http://www.aleris.com)

### Initial situation

Within the aerospace market good margins can be achieved with high sales volumes. A strengthening of their market position and an increase in customer satisfaction should help Aleris Aluminum Koblenz GmbH in the attainment of these margins. Thus the Order-to-Cash process will be optimized to begin with.

### Solution

- ▶ Customer survey as a basis for objectives of the to-be processes
- ▶ Definition of 50 activities for attainment of the to-be processes

### Benefit

- ▶ More than 30% cost reduction
- ▶ Order confirmation twice as fast as before project start
- ▶ Significant improvement of cross-department collaboration

### Used solutions of ARIS platform

- ▶ ARIS Toolset



Within the aerospace market good margins can be achieved with high sales volumes. This is why Aleris Aluminum Koblenz GmbH wants to strengthen its market position and increase the customer satisfaction with appropriate Order-to-Cash (O2C) processes. Furthermore the processes to increase the competitiveness have to be designed cost-effectively.

*With the achieved process optimizations the requirements of our customers can be satisfied faster, more reliable and more correct. Furthermore the slimmer processes and the better department-spanning understanding lead to significant savings of working time and reduce our costs directly.*

Detlef Weckmüller, Manager Customer Service, Aircraft & Aerospace Industry



## Initial Situation

The most important internal reasons for the optimization of business processes were the complex and time-consuming as-is processes as well as the necessity of process optimization before implementing a SAP system in 2009. At the outset of the collaboration with consultants from IDS Scheer, the responsible Aleris Aluminum Koblenz GmbH project managers recognized within the first strategy meeting that the Order-to-Cash process had the largest potential for improvement. The redesign of the Order-to-Cash process generated precise requirements such as an improved correspondence to customer demands and the significant improvement of this process in terms of processing time, quality and cost.

At Aleris Aluminum Koblenz GmbH the Order-to-Cash process starts with the customer inquiry and proposal preparation. The process covers orders received, order scheduling, dispatch including the generation of dispatch and customs documents as well as test certificates and finally the invoicing and the control of incoming payments. Everything to do with the actual production of products is not regarded.

## Solution

One of the most important customer sectors for Aleris Aluminum Koblenz GmbH is the aerospace industry. Meeting the high demands of this segment such as short response times, high precision and reliability were important external influential factors for the project which lasted six months from July 2005 to January 2006. The project team consisted of 20 members recruited from the relevant operating departments, the organisational department and consultants from IDS Scheer. As far as possible, the results of the project should also be used for the Order-to-Cash processes within other customer sectors.

### Start with a Customer Survey

A survey of 25 important customers resulted in more precise requests for improvements to order confirmation, proposal preparation and the exchange of delivery notes. Special requirements within the aerospace industry complicated the determination of production time and costs. A proposal could only be developed after a number of internal consulting meetings with the parties involved. The creation of an order confirmation took up to two weeks. The expectations of customers are obviously much higher, a "normal" order should be confirmed within 5 working days, a "normal" proposal should be delivered within two days or a deadline for information should be given for special proposals.

Derived from the need to speed up order confirmations and proposal preparation, the focus of the project was the creation of a portal for order tracing, the paperless internal and external exchange of documents and the creation of a performance management system. In the second stage of the project, objectives for individual business

processes and their sub-processes were defined to be able to fulfil customer requirements.

### To-Be Processes Demand Creativity

The result of the as-is process analysis with ARIS Toolset in the second project phase showed that idle periods claimed more than 90 per cent of the whole process duration. The costs of the as-is processes were also determined. ARIS toolset was applied again in later project steps as the to-be processes were designed and their costs were estimated. "These steps demanded the most creativity and required innovative suggestions and solutions." Dirk Weckmüller reports. The to-be process specification also exacted modified cross-department responsibilities. To achieve a new to-be status on the basis of the as-is process level, 50 activities were defined and assessed in terms of their realisation costs and possible savings. In consideration of available department capacities and technical dependencies, a sequence for the implementation of these activities was defined. Detlef Weckmüller feels confident that up to 90 per cent of these activities will be implemented by the middle of 2007.

## Benefit

Step by step, the requirements of several sub-processes within the Order-to-Cash process have been developed from demanding process requirements. The cross-department grasp for the internal customer- / supplier relationship made it possible to design a highly efficient Order-to-Cash process. Just by changing the sequence of process steps and the departments responsible, the process time could be cut by an average of 50 per cent of the former value. By implementing electronic data exchange with the customer a reduction of process time and costs of around 30 per cent could be achieved. The savings are enormous: with a theoretically cost saving of 37 per cent in comparison with the as-is situation, in practice a saving of 30 per cent can be implemented after the realisation of defined activities. The new Order-to-Cash process only creates minor costs in comparison to the previous one. However, 80 per cent of the savings arise from just three sub-processes. A further confirmation of success was the very short amortisation period of the project costs which represent only 36 per cent of the annual savings created by the project. Other consequences of the new defined business processes can be determined. The confirmation of orders is twice as fast as up to now and cross-department collaboration has improved significantly. The project objectives of Aleris Aluminum Koblenz GmbH have been achieved to their utmost satisfaction.