



SCHUMACHER ELEVATOR COMPANY

AT A GLANCE

Profile

Industry	Industrial machinery and components
Revenue	US\$30 million (gross) in 2005
Employees	165
Location	Denver, Iowa
Web Site	www.schumacherelevator.com
Solutions & Services	mySAP™ Business Suite family of business applications
Implementation Partner	itelligence Inc.

For 70 years, the small city of Denver, Iowa, has been home to a global name in elevators: Schumacher Elevator Company. A fourth-generation, family-owned business, Schumacher Elevator's early experience in freight and industrial lifting solutions propelled the company forward – eventually into full-scale manufacturing and servicing of a complete line of sophisticated passenger and freight elevator systems and components.

Key Challenges

- Improve relationships with suppliers and customers
- Ensure customer services with compressed customer-project lead times
- Empower customers with online ordering and access to order information to enhance Schumacher's competitive position

Why SAP Was Selected

- Ability of SAP® software to integrate with the Web
- Commitment to small and midsize enterprises
- An affordable, integrated, scalable solution that meets a midsize company's need for a tier-1 ERP solution
- No customization required with SAP Best Practices offerings
- Short time to go-live with SAP accelerated implementation methodology

Implementation Best Practices

- Early and strong management commitment
- ASAP methodology from the SAP Consulting organization
- Early business blueprinting to avoid scope creep
- Minimal customization that speeds implementation while reducing costs
- High-performance, low-cost hardware*

Low Total Cost of Ownership

- Reduced IT support costs by 50%
- Completed 7-month implementation cycle
- Replaced disconnected manual processes with integrated automated applications
- Retired legacy systems
- Reduced duplication of effort

Financial and Strategic Benefits

- Improved revenue by 89% over 6 years
- Reduced closing time from 40 days to 15 days
- Achieved ROI in less than 24 months
- Enhanced customer service with real-time project status
- Improved tracking of entire customer-project life cycle
- Customized orders more precisely using the SAP variant configurator

Operational Benefits

KPI	Savings Impact (2000–2005)
Product lead times	Reduced by 25%, sharpening competitive edge
Sales closings	Increased by 15%
Raw materials costs	Reduced by 30% due to improved inventory accuracy
Time to close books	Reduced by 25 days

* Hewlett-Packard ProLiant DL380, Intel Xeon processors



“The integrated solution from SAP has provided us with a platform for growth. In fact, the solution’s robust functionality will extend as far into the future as we want to grow.”

Jeff Schumacher, Vice President and CFO, Schumacher Elevator Company

“By using the engineer-to-order project capability, in conjunction with the variant configurator, the time it takes for order processing and project management has been reduced by 20%.”

Jeff Schumacher, Vice President and CFO, Schumacher Elevator Company

Press the Up Button to Transformation

With international sales stretching from China and Japan to Jamaica and Saudi Arabia, Schumacher Elevator Company supports the manufacturing and service of a dizzying array of elevators – from midsize lifts that travel at 200 feet per minute to high-rise super elevators that zoom up and down at 10 times that speed: 2,200 feet per minute. Schumacher Elevator’s strategic market niche is custom-designed solutions, like high-capacity elevators that carry up to 30,000 pounds of freight. These specialty, make-to-order products often require short lead times.

In November 1999, Schumacher Elevator acted on its need to improve customer service by reducing project lead times. It decided to replace its nonintegrated legacy systems with a single, integrated enterprise application platform capable of managing all of its products and business services processes. It needed to control its operations more efficiently, and it also required an infrastructure for Web-enabling critical aspects of its business, including online order status and account information for its customers.

Schumacher Elevator compared four different solutions and selected the mySAP™ Business Suite family of business applications to standardize its processes on a single platform. The decision was also based on SAP’s corporate commitment to small and midsize enterprises (SMEs).

Best Practices Speed Implementation

The SAP® Consulting organization worked with core members of the Schumacher Elevator project team and with implementation partner itelligence Inc., also experienced in the SME market, to define the functional scope of the implementation. Together, these partners implemented mySAP Business Suite applications on time and within budget in just eight months, with go-live in August 2000. The team successfully accomplished the goal of affordably implementing a tier-1 enterprise resource planning

(ERP) solution for a midsize enterprise. The SAP Consulting methodology – ASAP – accelerated the implementation, and SAP Best Practices offerings eliminated the need for customization. Early business blueprinting avoided scope creep with detailed project planning and scheduling that kept the project within budget.

Open the Door to Improved Performance

Less than 24 months after the implementation of a single enterprise application platform, Schumacher Elevator achieved payback on its investment, while ushering in a host of business benefits. The integrated solution has eliminated duplicate efforts while increasing engineering efficiency, resulting in a reduction in product lead times by 25% and a keen competitive edge in the specialty marketplace. Integrated information has improved inventory accuracy and reduced raw materials inventory by 30%. As inventory has fallen, sales have risen by 15% per year. Over a six-year period, revenue has increased a total of 89% to improve the company’s profitability. And by bringing the month-end closing process in-house, the average closing time has been cut from 40 days to just 15 days.

With its Web-enabled infrastructure, Schumacher Elevator is delivering superior customer service. By automating its processes, Schumacher Elevator can rely on financial reports and purchasing and production orders that are more reliable and accurate, leading to better decision making. And Schumacher Elevator enjoys other business benefits, including improved project life-cycle tracking, enhanced maintenance contract pricing, improved communications organization-wide, improved labor utilization, and better cost reporting.