

McCormick China



The diversification of day-to-day diet in China is increasing as individual incomes rise amid marked economic growth. McCormick, the world's largest spice company, is also expanding its business in the Chinese market, and systems standardization and enhancement of capabilities at its global offices are essential to that effort. While this project was accompanied by major difficulties associated with complex legal requirements and business scenarios unique to China, the knowledge and enthusiasm of ABeam with regard to global rollouts, as well as communication skills for coordinated efforts with other teams, made it possible to overcome these challenges and lead the project to success.

Issues/Challenges

- Global systems standardization accompanying expansion of business within the Chinese market
- Dealing with legal requirements including key financial statements and the Golden Tax System
- Dealing with business-critical requirements such as interface issues, master data solutions in multilingual environments
- Improving business processes such as pre-weigh and insuring/improving traceability
- Overcoming differences in time zones, customs and cultures among stakeholders in various countries to achieve collaborative effort

Solutions

- Short-term, low-cost implementation of standardized SAP solutions
- Embed client template solution while retrofitting the standard template to cater to business requirements
- Improvement of information visibility through standardization of rules, consolidation/unification of information
- Major improvements in traceability through the integration of key business functions on the same platform and the implementation of RF-based inventory management solutions
- A change management effort involving all consulting team members
- All-round education through multilevel training centering on the nurturing of key users with training and continuous support capability

Success Factors

- High-level commitment and involvement from both McCormick and the ABeam team
- Application of profound knowledge of and experience with SAP global rollout and local best practice to accommodate local requirements
- An eagerness among team members to identify and address business issues or improvement opportunities through innovations that comply with governance guidelines

Global systems standardization through SAP ERP: Reinforcing the business infrastructure that supports expansion of Chinese business: High marks for ABeam's philosophy of taking their customers' success as their success

The Need for systems contributing to expansion of Business in China Together with global systems standardization

Amid marked economic development in China, the food market there is expanding. As dietary habits have become more diversified, McCormick's business operations in the area have also greatly expanded. Meanwhile, this sudden growth has also given rise to a number of issues impacting business.

Together with global systems standardization, there is a need for implementation of systems that support more precise management decision-making. In addition, it is necessary to strengthen systems capabilities in line with the business customs and legal frameworks inherent to the country. To resolve these issues, McCormick decided to adopt the global template solution, and selected the consulting firm able to provide the services best suited to its aims.

"Initially, we picked two companies out of the six. Both of these companies were abounding in professionalism and enthusiasm" said McCormick's Daniel Moorfield (Finance Director), who also explained the ultimate reason for ABeam's selection: "ABeam is very enthusiastic about growing together with us and their knowledge and experience of systems standardization and methodology is superb. In fact, they seemed to be even better aware than ourselves of the concerns we had before the project began."

Effective template utilization: Strengthening capabilities in line with local business

A full-scale template was used in countries with larger operations, such as the United States, where the company is headquartered. But the cost and time requirements were enormous. Also, to respond quickly to rapid market growth, the China operation was scheduled to implement the company's 'lighter' version of SAP solutions, dubbed OutReach.

A legacy SAP system had already been implemented locally, unlike in other countries and regions, covering local business processes only partially. No consistent set of coding was fully adopted even within China, for different locations such as Shanghai and Guangzhou. Throughout the rollout of the global OutReach template, McCormick sought to replace the legacy system with a new one that is standardized in keeping with McCormick's worldwide operations. "While ensuring template embedment, it was necessary to enhance the template functionalities in order to adapt to emerging critical local requirements. Everybody was very aware of the need to unleash their creativity, but to deliver a solution within the budget and governance framework," says ABeam Senior Manager Eva Lu, looking back on the project.

Smooth out barriers of language, culture and custom to collaborate with other team members under a shared vision

Certain problems were inherent in the launching of such an effort. The first was the fact that it was a twin-site implemen-

tation covering both Shanghai and Guangzhou. Efforts were made to maintain a shared vision for both teams, and to generate synergy between them. In order to eliminate a variety of differences in understanding and intention between the two teams, the project teams converged and worked separately as needed. For example, fit-and-gap analysis was performed centrally in one location after the other to allow collection of sufficient information from both teams and to avoid missing any uncovered gaps. More importantly, business scenarios/requirements were rationalized and integrated for McCormick China as a whole when mapping against the template solution for gap identification.

Synergy among China local team members alone is not sufficient to produce a promising result. Project OutReach is a truly international initiative with multiple stakeholders and partners involved, such as the South African Core Team the template owner, the global Internal Control Team, Authorization Team and SAP Basis Team in the U.S., etc. Bilingual capabilities in Chinese and English and solid collaboration and communication skills were required of members. A local consultant team with a global mindset and full adaptability to different communication or working styles was the cornerstone to a resounding Go-Live within short timeframe.

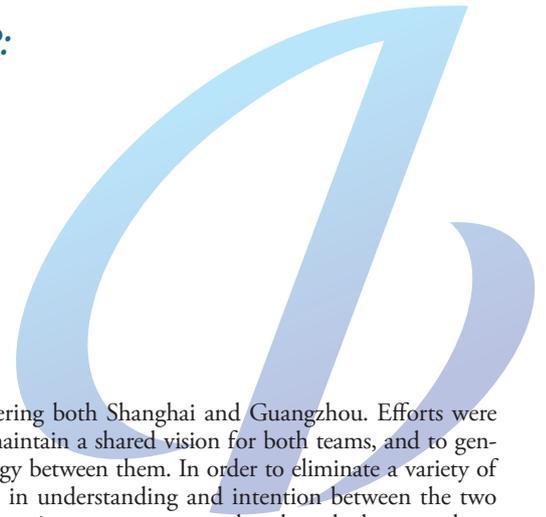
Implementing standardized systems in a short time span to provide new added value

The project culminated in Go-Live in May 2010. And while this meant a condensed development and implementation period of only six months, the team's knowledge and innovative capabilities enabled it to complete the project within that timeframe. The result was glitch-free implementation of an efficient, low-cost standardized system. Master data codes that had previously varied haphazardly across sites were unified, and the real-time traceability that had been an issue before was ensured from the inventory management level, making possible more effective decision making.

Despite the time restraint on implementation, solution adaptability was not compromised. "China might be the one country within the OutReach group that has the most complex and sophisticated business scenarios," said Eva Lu. The Core Team template solution of "Pre-Weigh" were enhanced during the project to cater to uncovered business requirements that were raised locally but also common within the group. By bringing about major improvements in this process, ABeam made it possible for operations in other countries to benefit as well.

Adopting best practices And facilitating Change Management

At the same time, ABeam complemented McCormick project management methodology with its own best practices. Taking the example of a visualized project plan, "This reinforces the client's program management capabilities while also improving project plan visibility, making it possible to most





Mr. Benjamin Lee
Vice President
and Managing
Director
McCormick & Co.



Mr. Daniel Moorfield
Finance Director
McCormick & Co.



Mr. Alex Kam
Director of Human
Resource for the Asia
Pacific region
McCormick & Co.



Mr. Dave Co Yap
Marketing Manager
(retail),
Project Manager
McCormick & Co.

efficiently share the project objectives and status among all members,” said Eva Lu. This is a point that ABeam has paid particular attention to from the kickoff of the project. Abundant explanation and thorough communication before entering each phase of the project is devoted to ensuring that everyone involved understands what the crucial tasks are, how plans will be executed, and what points will be attended to. While clarifying the division of responsibilities within each team, this implementation tool set will surely also be of use in future McCormick project initiatives.

Frequent engagement in various means of communication with McCormick staff not on the project team brought early awareness of the solutions that contributed to early identification of potential gaps. This made it possible to change the impact of such items while also helping to minimize resistance to the new system. Also, a phased and tiered training approach was adopted to efficiently help McCormick users gain readiness for different project tasks and the ultimate goal of Go-Live. To boost the level of maturity for McCormick key users and core power users as internal trainers, a “Train-the-Trainer” course was provided to enhance their facilitation and presentation skills in addition to the required technical skills.

To help local users quickly overcome change barriers, ABeam is committed to helping McCormick in establishing a strong change leadership. ABeam Principal Takeshi Kawamura noted the need for change awareness among team members throughout the implementation: “Instead of setting up a separate team specializing in change management, I was hoping

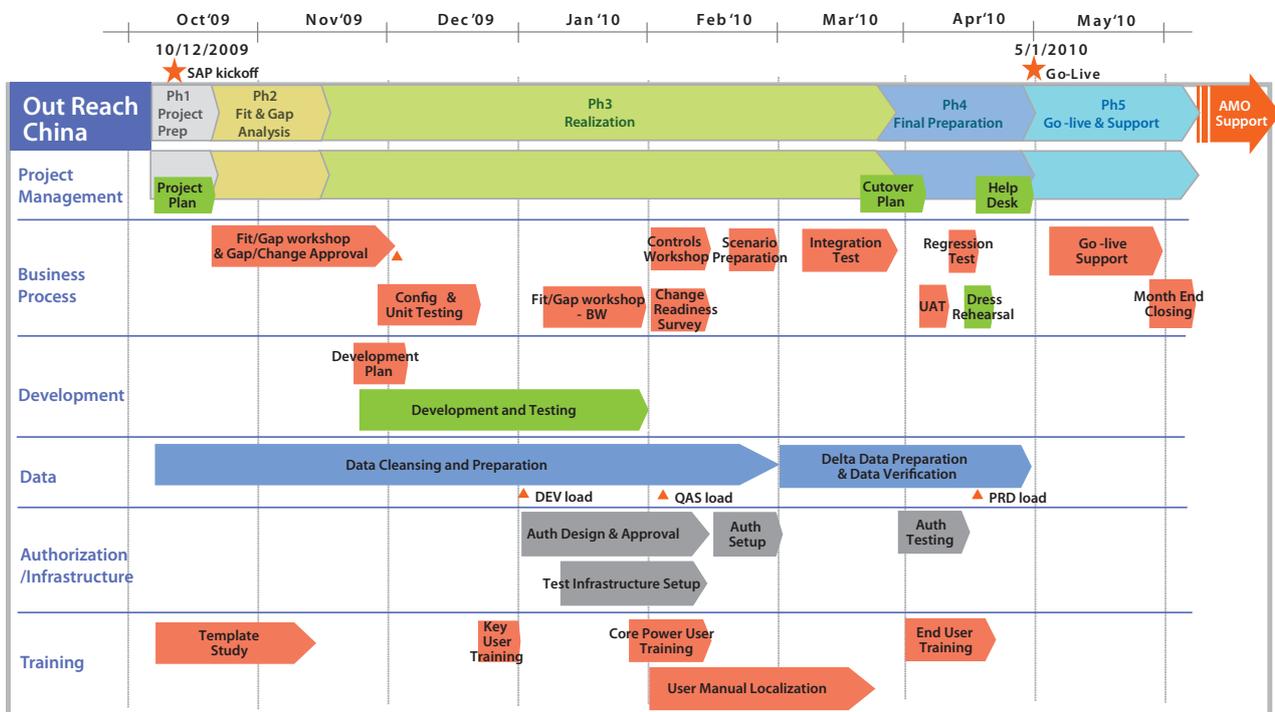
that each team member would take on the role of ‘change agent’, each of them leading the transformation at McCormick”. More than mere technical considerations of gap or fit, what was really needed was a team that is passionate enough to guide business to the identification of change impacts and actionable mitigations.

High marks from clients, desiring to continue collaboration with ABeam even after implementation

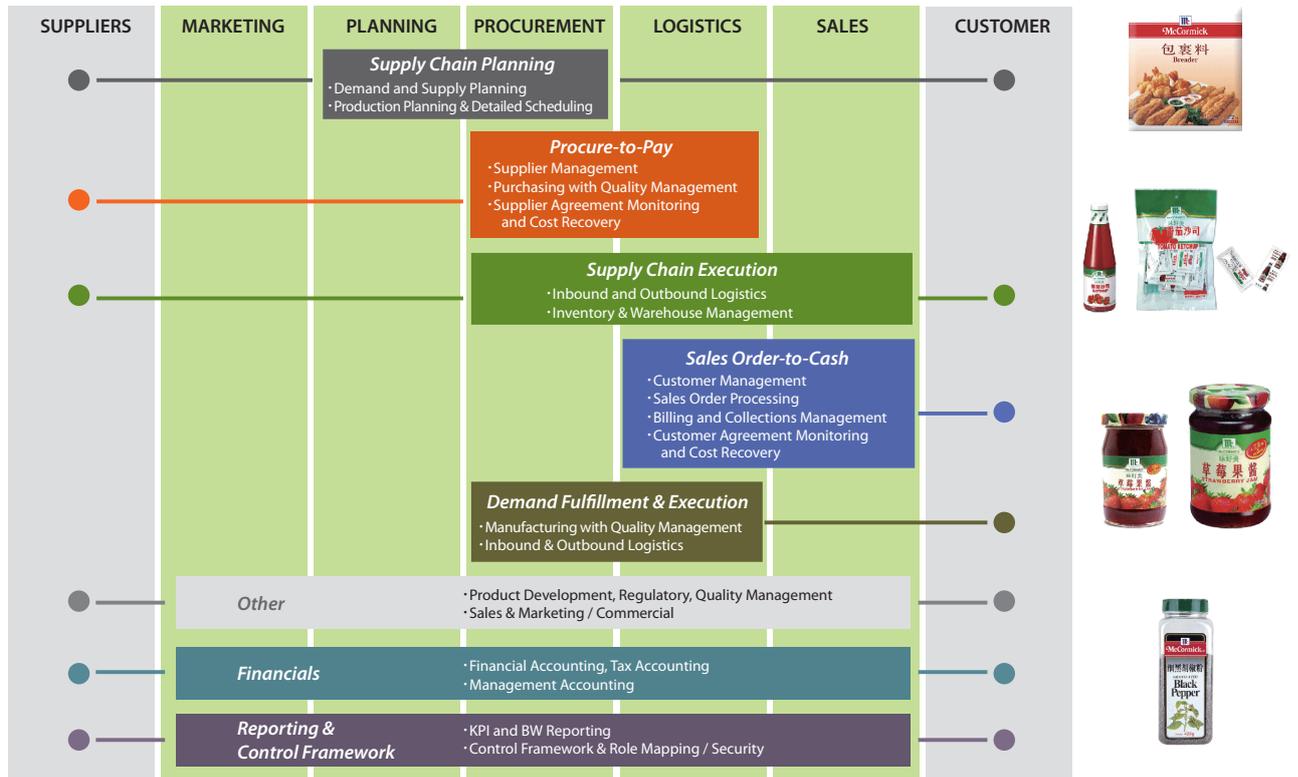
ABeam has received high praise from McCormick for the project implementation and management capabilities it has thus demonstrated. “The resource allocation suggested to us by ABeam (during RFP phase), which we eventually adopted, proved to be efficient and feasible. Finally, we did see the project team’s effort paying off during go-live as users were able to re-start normal business operations with minimal disruption.” said Mr. Benjamin Lee, McCormick China Vice President and Managing Director. Mr. Moorfield added his unprecedented praise: “This makes the McCormick China SAP one of the most successful Go-Live events so far.”

ABeam’s general capabilities are also highly regarded. In particular, McCormick valued ABeam’s results-oriented approach and an eagerness to do its utmost that comes from the philosophy of being a Real Partner. They are the epitome of a “Real Partner”, truly striving to produce results together with the client.

McCormick OutReach China Implementation Master Project Plan



Project Coverage



McCormick is set for rapid growth together with rapid expansion of the Chinese market. ABeam should be able to meet these expectations of McCormick, and will continue to provide our support in that light.



Mr. Takeshi Kawamura
Lead Client Principal
ABeam China



Ms. May Li
Director, Advisor
ABeam China



Ms. Eva Lu
Senior Manager,
Project Manager
ABeam China

● Voice – Customer Evaluation

Aside from the successful go-live, I'm also happy with the smooth transition into support mode. Today, we enjoy the same level of service and dedication from ABeam's AMO Team. We are looking forward to building our relationship as McCormick China's needs continue to grow in this dynamic market.

Mr. Benjamin Lee Vice President and Managing Director

We are happy with the way ABeam performed. It was a very successful Go-Live, which was achieved through a combination of having good people in place, detailed planning, good project management and hard work. In the future, I hope to benefit further from their prescient advice and support.

Mr. Daniel Moorfield Finance Director

The Go-Live and stabilization process went smoothly despite anxiety and tension. The ABeam members were extremely dedicated and engaged at a high level of energy, reporting in advance of every anticipated hiccup in the process. They demonstrated superb experience with SAP, and enabled ABeam consultants from around the globe to form one cohesive team together with McCormick.

Mr. Alex Kam Director of Human Resource for the Asia Pacific region

On-site knowledge transfer between ABeam project consultants and ABeam support consultants helped ensure smooth support even after the project. And meticulous documentation on the project continues to be of use as we review the project. ABeam has been a "Real Partner" to us, and we feel that they remain so now as we implement these systems.

Mr. Dave Co Yap Marketing Manager (retail), Project Manager

● Client Data

Company overview

Company name: McCormick & Co.
HQ Location: 18 Loveton Circle Sparks, MD 21152-6000, U.S.A.
Shanghai Plant: 701 Hongmei Road (South), Shanghai, China 2000237
Guangzhou Plant: 183 Bin He Road, Dong Ji Industrial District, Getdz, Guangzhou, China 510730
Estd.: 1989(Shanghai), 1994(Guangzhou)
Business: Manufacturing & sales of spices, seasonings, flavorings, etc.
Total sales: USD 3.19 billion (FY2009)
Employees: 8,000 (worldwide)

Project overview

Summary: Chinese business coordination and improvement support centering on SAP (R) ERP ECC 6.0 implementation
Timeframe: October 2009 ~ June 2010
Member count: approx. 20 from McCormick Local, 20 from McCormick Global and 18 from ABeam
Software: SAP ECC 6.0

