

SAP Solutions for Small Businesses and Midsize Companies

RIDING THE GROWTH WAVE
LEVERAGING ECONOMIES OF SCALE



THE BEST-RUN BUSINESSES RUN SAP™



SCALING UP FOR GROWTH



As established companies already know, it is almost always more efficient to use existing production facilities than to build new facilities from the ground up. As a proven player in your field, you can leverage economies of scale to increase production through the use of existing equipment and people, lowering cost per unit and increasing profit margins. The same applies to providers of services. Using the talented personnel you have and expanding the quality and distribution of services or support are much easier than starting from scratch. The ability to take advantage of economies of scale can lead to profitable growth and gains in market share.

However, capturing the benefits of economies of scale is not always easy. Production disruptions and operational inefficiencies can quickly negate the economies of scale you are trying to build. Economic pressures erode prices and margins and require you to do more with fewer resources just to maintain the status quo. Customers' demands for fixed-cost bids and higher levels of service can disrupt your carefully laid business plans. To overcome these challenges, you must be able to manage production and service in a way that efficiently leverages economies of scale.

This paper examines how an integrated information technology solution can help you take advantage of economies of scale to boost manufacturing utilization, enhance service levels, and improve the efficiency of your sales and administrative activities.

INCREASING THE PRODUCTIVITY OF ALL YOUR RESOURCES

Boosting Throughput and Capacity Utilization

In both busy and lean times, your manufacturing capacity needs to be utilized efficiently. Driving higher volume of products through existing production lines makes your operations more profitable and enables you to compete more effectively on price and volume. But to increase productivity and reduce downtime, you need to use assets and machinery efficiently and implement strong manufacturing controls. Even excess capacity can be put to better use if, for example, you offer custom orders that meet specific customer needs or add innovative features to differentiate your offerings. Appropriate training for personnel can also increase productivity, encouraging you to take full advantage of the people you have instead of cyclically adding and reducing staff to meet demand.

SAP® solutions enable manufacturers to closely monitor and optimize asset and resource usage across all operations – from the warehouse and factory floor to the back office. Advanced material and production planning, along with real-time inventory control, give manufacturers and distributors the ability to use existing capacity more effectively and maximize asset utilization. With SAP solutions for small businesses and midsize companies, you can monitor assets and implement preventative maintenance plans. In addition, you can maximize uptime and throughput while making asset purchase, maintenance, and retirement decisions that support capturing the benefits of economies of scale and sustain profitable growth.



“The ROI on warehouse automation assets has dramatically accelerated through ease of implementation and deployment of SAP solutions. SAP’s ability to streamline processes and promote operational efficiencies has generated an ROI in excess of 300% since initial implementation, with an initial 100% payback of our SAP investment in under 18 months.”

Doug Greenstein, Chief Financial Officer, Ditan Distribution LLC

Enhancing Service Levels

Ensuring that a high percentage of service employees are assigned and billing hours to clients is always a top priority in service industries. When your business is running at full throttle, making efficient use of your staff is one way of leveraging economies of scale. Offering enhanced levels of service without adding employees takes full advantage of your existing resources. Ensuring that people are trained and ready to work on new products or services supports growth and improves customer satisfaction. Ramping up the efficiency of time management,

scheduling, and billing means you get the most from your resources without needing to add administrative overhead.

With flexible time and scheduling functionality to track and improve staff utilization, SAP solutions help firms leverage economies of scale within all types of service areas. Being able to continuously analyze staffing patterns enables you to quickly adjust them to optimize resource utilization. For example, you can monitor and adjust call center staffing to provide better service during peak calling periods with the same number of workers overall.

SHARING THE EFFICIENCY



While your company may focus on manufacturing unique products or providing innovative services, you also realize that sales, distribution, and administration are more than just overhead – they are vital for growth. Consider how you can benefit from economies of scale in these areas as well:

- By identifying and fixing administrative inefficiencies, you give your employees more time and resources to focus on products and services, the lifeblood of your business.

- Ensuring that business practices are implemented consistently across sales and distribution enables your business to handle more transactions without increasing staff.
- Tracking the performance of your partners gives you the information you need to consolidate to a smaller set of preferred providers, helping to increase purchasing power and drive down costs.

Leveraging your economies of scale requires a continuous effort to monitor and adjust business processes. SAP solutions incorporate industry best practices that streamline and automate business processes, such as order-to-cash and sales order processing. By giving you the ability to forecast performance, track results, and generate actionable reports, SAP solutions help you fine-tune your business to take full advantage of your resources and continue growing.

GROWING YOUR BUSINESS WITH ECONOMIES OF SCALE

Natural, organic growth for small and midsize companies can be attained through efficient use of existing resources and by leveraging economies of scale. When you have business solutions in place that help you automate and monitor manufacturing, service, sales, and financial processes, you are in an excellent position to maximize capacity utilization and grow your company through good and difficult times.

SAP solutions for small businesses and midsize companies help you capture the benefits of economies of scale as your company grows. To handle higher business volume without increasing staffing levels, SAP leverages decades of proven experience and industry best practices to help you streamline and automate business processes. SAP solutions enable companies to closely monitor and optimize assets and resource usage across operations, analyze investment strategies, and implement preventative maintenance plans to ensure uptime and maximize throughput – all of which drive down unit costs. Additionally, SAP software helps you analyze demand and staffing patterns to optimize resource utilization and lower your service delivery costs. In addition, these solutions are easy to implement and can be put to use quickly.

SAP Solutions for Small Businesses and Midsize Companies

When it comes to the specialized needs of small businesses and midsize companies, one solution certainly doesn't fit all. SAP offers a portfolio of flexible and affordable business management solutions designed specifically for the fast-changing requirements of small businesses and midsize companies. By seamlessly integrating sales, customers, financials, and operations, SAP solutions give you the cross-company visibility you need to base every decision on real-time information.

Armed with insight into every aspect of your business, you can easily monitor performance, eliminate inefficiencies, and, most important, identify

profitable opportunities. With standardized, proven solutions from SAP available at a predictable cost, small businesses and midsize companies can streamline operations, act on instant and complete information, and accelerate profitable growth. Trusted by more than 34,000 small and midsize customers around the world, SAP offers the industry experience and the best-fit solutions to help you stay ahead of the competition.

To learn more about the SAP solution portfolio for small businesses and midsize companies, visit www.sap.com/sme.

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