

Henkel

A Brand Like a friend

Henkel of America

**„ Achieving Greatness in Working Capital
Management“**

Scott M. Miller

Alexander Hamilton Awards

October 27, 2008

Henkel of America at a Glance



- **Headquarters in Rocky Hill - Connecticut**
- **Operates in Three Unique Sectors – Laundry and Home Care, Cosmetics and Adhesive Technologies**
- **North American Sales - \$6 Billion Annually**
- **Finance Functions in Two Main Henkel Financial Service Centers – Manila, Philippines and Rocky Hill, Connecticut**
- **Excess of 30,000 Active Customers**
- **North American Account Receivable Balance – Excess of \$500 MUSD**
- **Single Operating Platform ERP _ SAP Across North America**
- **Operating Get Paid Collections and Deductions Module, DRS Connect and Dashboards – Key to our SUCCESS**

“The Project to Achieve Greatness in Working Capital”



- **Consolidate all North American Credit and Collection Operations onto SAP and Get Paid Collection Modules**
 - Integrations started in 2005 and all NA completed by June of 2007
 - One Standardized Credit and Collection Process in Get Paid that is Fully Automated and Reactive to North American Needs
- **Migrate 85% of the North American Credit and Collection Operations to our Henkel Manila Shared Service Center**
 - First Go Live in Manila was August of 2007 – Completed Migrations to Manila in January of 2008
 - Get Paid was the Key Factor for Success in Manila for OTC
 - Get Paid allowed for a smaller learning curve to move faster!
 - Allowed a “Standardized” Collection Process in Manila – Driven by OTC Management

“The Get Paid Team” – Leading Greatness in CNWC



- **Scott M. Miller**
 - OTC Management
 - Overall Steering / Management of the Tool and the Process for NA
- **Brenda Hylton**
 - System Administrator
 - The “Brains” behind the Tool-Responsible for “How” Get Paid Functions
- **Bart Harris**
 - Key IT Support
 - Responsible for all IT Support for Get Paid
- **SunGard**
 - Great Partner throughout the Entire Process

What did we Achieve?



- **Successful Implementation of a Henkel SSC in Manila in less than 6 Months – Go Live in August 2007 and Completed with Transitions by January 2008**
 - Get Paid allowed for a Faster Transition Timeline
- **Achieved a Centralized Operation even with SSC in Manila**
 - Even with 85% of the OTC Process in Manila – we are Centralized
- **Real Time Reporting – Dash Boards**
- **Reduction of 45% of the Order to Cash FTE's**
 - One Process – One System – Consolidated – Less Staff Needed
- **Process Standardization**
 - Get Paid gave us one Common Process – Easier to Manage
- **Our Success with CNWC and Manila prompted a Global Roll Out of Get Paid that is now seeing the same strong results**

Cash Net Working Capital Results

“Success is in the Numbers”



- **CNWC Overdues – Results since Start of Get Paid**
 - December 2005 Overdue for NA = 29.0%
 - Overdue Balance = \$64,500,000
 - December 2006 Overdue for NA = 19.5%
 - Overdue Balance = \$29,900,000
 - December 2007 Overdue for NA = 9.1%
 - Overdue Balance = \$21,900,000
 - September 2008 Overdue for NA = 8.2%
 - Overdue Balance = \$19,900,000
- **Note that Overdue for Henkel of America is Measured for Every Item 1 day or more past due**

Innovations in Get Paid

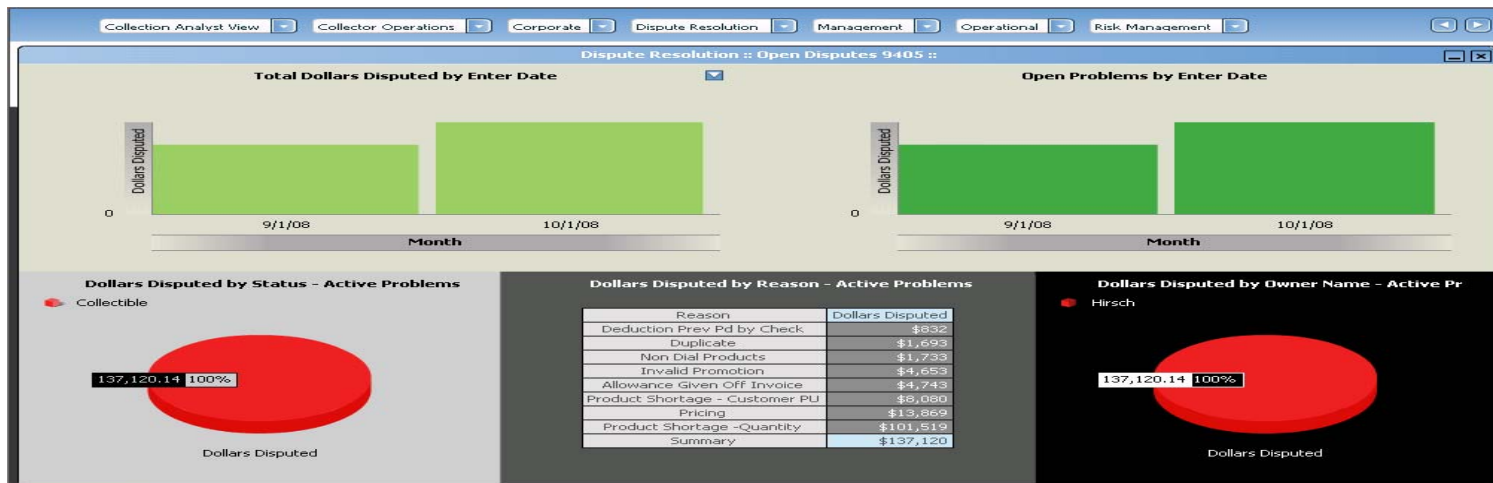


- **Provided a UNIFORM platform for Dealing with our Customers based on Performance**
 - Low Risk Customers who pay well on average are Reminded to pay
 - High Risk Customers who pay slow on average are contacted aggressively to Pay Faster
- **A Uniform Collection POLICY is Managed and Maintained via Get Paid Workflow Steps – OTC Management Determines when to Contact Customers and Get Paid works daily to ensure the Users Follow that POLICY**
 - Manila follows ONE Plan that can be changed INSTANTLY by MGT
- **Simple Routing Logic of Account Assignment via Accounting Clerk CONTROLS the whole process of Key Account (NA Team) versus Non Key Account (Manila)**
 - Management of Accounts in Get Paid is SIMPLE

Innovations in Get Paid



- Real Time Reporting through AvantGard GETPAID Dashboards



Conclusions of the Project

Get Paid = Victory!



- The Ability to have one UNIFORM Collection Practice for EVERY Customer that continued to DRIVE Overdue reduction in North America for 2007 the third year in a Row now down to a record low of 8.2 % Overdue AND be the Major Contributor to the Improvement in Working Capital for All of North America
- Providing North America and Manila OTC with a Tool that ensures our Customers are contacted when NA Management wants them contacted to GUARANTEE the Relationship with the customer is not STRAINED
- Repository for ALL Customer Contact History – Provides all Users the VIEW to the Relationship with our biggest ASSET – the Customer!

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**Thank you for your Consideration for
this Prestigious Award**