



Perstorp Specialty Chemicals is taking customer service to a higher level with eBusiness tools integrated to a legacy ERP package

Company Profile

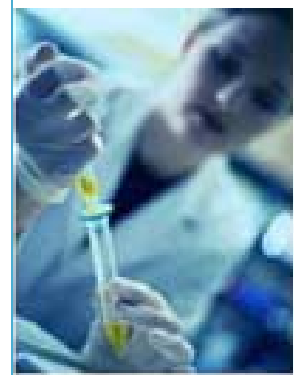
Founded in 1882, Perstorp Specialty Chemicals AB is a global leader in its segments for the market of coating intermediates and performance chemicals, with production sites in Sweden, Italy, Germany, the US and India. Perstorp and Neste Oxo are currently merging their operations in order to form an international specialty chemicals group based in the Nordic region. The group has annual sales of approximately \$700 Million (U.S.) with 3,000 employees. Manufacturing activities are conducted in 11 countries.

Perstorp's Challenges

- **Increasing global competition** causing severe margin pressure
- **Sales staff "stretched"** and needs additional support to capture incremental revenue opportunities
- **ERP system pre-dated Web technology**
- **Customers located around the globe**, resulting in language issues and calls from all time zones.
- **Information needed** by both by Perstorp personnel and by customers was "trapped" inside of the company's ERP system
- **Inconsistent business processes** across the various world locations
- **Significant portion of workload being handled manually**

Perstorp's Objectives in implementing eBusiness

- **"Make it easier for customers to do business with us."** Because of current business processes, customers must rely on Customer Service to answer any question related to their account, and must transact with Perstorp using traditional methods such as paper purchase orders and invoices.
- **Maintain its position as leader of customer service**, among its competitive set. Though Perstorp has enjoyed an excellent reputation in the area of customer service, the competition isn't sitting still. Perstorp must continually innovate to stay ahead.
- **Increase competitive advantage** by enhancing the quality of customer service. Global competition continues to increase, requiring Perstorp to differentiate itself in a meaningful way.
- **Streamline business processes** to enable staff to be more efficient. Like many industrial companies, Perstorp still largely relies on manual



Overview

This Swedish specialty chemical manufacturer, known for providing excellent customer service, is using Stratyc tools to enhance the customer experience and improve internal business processes.



processes. As a result, staff members spend much of their time performing administrative tasks.

- **Expand revenue opportunities** by broadening selling reach. Perstorp's sales force spends most of its resources on servicing current client accounts, leaving little time for prospecting.
- **Keep the current ERP system** by retrofitting it with eBusiness capabilities. Perstorp's ERP system, PRISM, pre-dates Web technology, limiting Perstorp's ability to transact electronically with its customers. Replacing the ERP system cannot be justified given the recent and costly implementation.
- **Standardize business processes** across various world locations. Because Perstorp operates in several countries, there exist inconsistencies in procedures, reporting, etc.
- **Achieve operational cost savings.** Increasing competition and margin pressure necessitate efficient operations and cost containment.

A quest for superlative customer service

Customer service reigns supreme at Perstorp. For them, excellent customer service is defined as highly trained and informative Customer Service Reps (CSR's), on-time delivery, and short lead times for product. In addition to being a corporate mantra and a core focus, it has been the driving force behind most of the company's recent technology initiatives.

In 1995, Perstorp implemented PRISM, an ERP system popular in the Chemical industry, in order to improve efficiencies, achieve better inventory management, and cut turnaround time. The implementation has been a success. According to Lena Hagsten, Manager of Customer Service, "PRISM can give us lots of good information very quickly." In fact, as a service to key customers, Perstorp's sales team frequently provides monthly sales reports to help them in their tracking and sales analysis. Says Hagsten, "PRISM enables us to have far more information than our competition. In most cases, our customers tell us that we provide them with better information about their account than they can get out of their own system." Hagsten acknowledges that the sales history reports take a lot of time, but that it's another example of Perstorp going the "extra mile" to serve the customer and makes Perstorp look "buttoned up."

As a testament to Perstorp's commitment to customer service, they consistently rank ahead of their competitors in 7 out of 9 key metrics. In the 2000 customer survey, their strongest areas were Technical Support, Documentation, Commitment, and Effectiveness though they also surpassed the competition in Product Quality, Availability and Delivery Time. Says Mats Olofsson, Perstorp's Key Customer Manager, "Many of our customers have been with us for decades. That loyalty is engendered by our consistently going the extra mile."

Despite their impressive marks, Perstorp was aware that PRISM offered little in the way of eBusiness capabilities---something they felt was critical in taking their customer service to a higher level. Convinced that eBusiness would enable them to further accentuate their strengths, Perstorp moved forward with an eBusiness project beginning in June 2001.

Consistently a leader in customer service surveys, Perstorp recognized that their ERP's inability to handle Web transactions would eventually begin to hold them back



I. Objectives related to Customer Service

Provide customers greater access to information

Perstorp's Order Delivery Process Manager, Dörte Lühje-Fristedt, estimates that only one-third of calls received by the Call Center are order calls, with the majority being inquiries and requests for information related to products or order status.

In the area of technical service, "There is a tremendous opportunity for us to provide the same information we do today---and more---by putting it at the customer's fingertips, online," says Mikael Hallhagen, Product Manager. In addition to a site that offers a veritable library of information, he also would like to be able to automatically email the customer when new information is available on the site pertinent to products they have bought from Perstorp.

THE SOLUTION

- Using Stratyc's eStoreFront which features full integration to their ERP, Perstorp is now able to share the information formerly "trapped" inside with their customers---and in real time.
- For customers, this means being able to access detailed and updated product information, get order status, and get answers to many routine questions, anytime.
- Technical information, including sell sheets, MSDS/TDS, troubleshooting guides, and FAQs is all available to view or download, whenever the customer needs it.

Provide hassle-free ordering

Perstorp's overriding objective in embarking on eBusiness was to be "the easiest company to do business with." Today, though it varies by business unit and market, the majority of customers place their orders via the fax machine, and to a lesser degree by phone. For customers, this process requires cutting a purchase order in their system, printing it out, faxing it and confirming receipt. There also tends to be back-and-forth communication in cases of a discrepancy, the form being hard to read, or a delivery date problem, etc.

In addition, because Perstorp's customers are located all over the globe, customers may not be able to get an answer to a question quickly, or be unable to place an order during their business hours. During peak times, the phone lines can become busy creating inconvenience for customers as well.

The fact that most customer orders are faxed to Perstorp also presents difficulties. Many countries tend to have older machines that frequently malfunction leaving the customer little option other than to place the order in the mail which is unacceptably slow.

THE SOLUTION

The eStoreFront enables customers to easily find product, get product information, and place orders online. Eliminates the need to produce a purchase order.

- Results in higher order accuracy and less manual labor

"There is a tremendous opportunity for us to provide the same information we do today—and more—by putting it at the customer's fingertips, online."

—Mikael Hallhagen,
Product Manager



- Is open 24x7 for whenever a customer wants to place an order or check on order status.
- Many of the countries relying on old Fax technology may, in fact, have Web access providing them a faster, cheaper, and more reliable order placement method.

Provide quick issue resolution

In cases where an issue requires research, Perstorp personnel will call a customer back. This practice can be costly and time-consuming, and usually means a delay for a customer to get resolution.

Other times, calls are re-routed in an effort to find the right person to answer the customer's question. According to Lüthje-Fristedt, an estimated 30% of customer calls need to be re-routed multiple times to resolve a customer's question.

THE SOLUTION

A large portion of customer calls relate to either order status or technical product information.

- Perstorp's eStoreFront provides customers the ability to access product and order information, easily and whenever they need it.
- Technical information, troubleshooting and FAQ's are also furnished on the site.

Address Time Zone Issues

Because Perstorp's customers are located around the globe and across all time zones, covering the customer service requirements is a challenge. Frequently, customers need same-day issue resolution but the customer service agent most qualified to answer the question is in a different time zone and not available.

Customer service centers in other countries are heavily dependent on the Service Center at the Swedish headquarters. For example, customers in Australia rely on the Customer Service department located in Singapore. However, the Singapore staff often needs information directly from Sweden or Toledo. Due to the time difference, resolving the issue within hours is difficult and at times impossible.

THE SOLUTION

The eStoreFront is open 24x7, allowing it to be available to take orders and answer questions whenever the customer needs it.

- A large number of questions can easily be addressed with Website content, decreasing the strain on Customer Service reps.
- The questions that do require a rep's attention can then be more efficiently routed for fast turnaround.

Address Language Barriers

Language issues also present difficulties, particularly in cases where the order or question is complex and technical. Resolving a problem or answering a complicated question over the phone can be extremely challenging, particularly when there are language issues.

"Frequently, in the interest of getting an answer for the customer, we re-route their call a few times. By putting good information online and organizing it well, the customer can get it quickly and easily."

—Dörte Lüthje-Fristedt
Order Delivery Process Manager



THE SOLUTION

Perstorp's eStoreFront provides clear technical information that can be printed or downloaded. Customers can also easily send questions via e-mail. Says Mikael Hallhagen, former manager of the Technical Services department, this will ease anxiety associated with language. "Sometimes, it can be intimidating to ask technical questions in a second or third language. The Web addresses this anxiety, in addition to providing a written response for later reference by the customer."

II. A need for streamlined internal processes

Reduce the amount of manual work

Despite having a sophisticated ERP system in place, there are efficiencies that exist because either the ERP lacks connectivity to another system, or the people who need the information contained within PRISM have no access to it. The result is the Customer Service Reps spend inordinate amounts of time and effort relaying information back and forth. In fact, it is estimated that for every order that Perstorp processes, there are on average four contact points required by Customer Service such as processing a fax, phone call or email—and this doesn't take into account the research time required to get the required information.

For example, Perstorp relies on forwarders and transporters to deliver its product to its customers. However, because these transport companies have no access to PRISM, Perstorp's customer service reps manually input information such as vessel name, estimated time of arrival, country-specific tax, etc. in order to provide customers with updated status. Frequently this information changes, which requires continual updates to the system.

THE SOLUTION

Whenever possible, Perstorp is using Web technology to eliminate redundant work throughout the supply chain. With the integration built between PRISM and the Web tools, information can flow seamlessly back and forth between Perstorp and their customers, eliminating the need for much of the data entry and many of the routine phone calls being handled today.

- In the case of transport information, Perstorp is exploring with Stratyc the possibility of mapping this information into PRISM from the forwarders system. For smaller transporters, an extranet could provide a good solution.

Automate the order placement process

Worldwide, Perstorp has a team of seven highly trained individuals handling order placement and customer service from customers and agents around the globe. Historically, their duties have included much data entry into PRISM such as order entry of faxed customer orders, reservation of product, booking of transport, confirmation of quotes and requirements, and broker delivery updates, as well as printing and faxing of COA, MSDS and TDS, and general customer service and issue resolution.

When examined, the current order flow process is complex and typically includes 20 steps taking place at either the "Order taking site" or the "Order fulfilling site." Steps in the process include validating of quotes inside of PRISM,

For each order that Perstorp receives, the Customer Service Staff handles four contacts—through fax, email and/or the phone—just to process that order.

" I can easily see the eStore resulting in immediate payback on providing COAs (certificates of analysis) and order status online. Plus, because it eliminates busy phone lines and is always open, it provides great convenience to our customers."

—John Ekström, Sales



order entry, checking inventory levels, changing status codes inside of PRISM, printing acknowledgement, sending acknowledgements and filing of documentation.

Order placement has been a manual and inefficient process, with a large number of Perstorp's orders come in via the fax, though it does largely depend on region. When orders are placed over the phone, calls tend to be quite lengthy, averaging 5-10 minutes but at times an hour or longer.

The high level of manual handling of orders results in a high-cost operation. It is estimated that Perstorp spends \$55 to process each order. (This figure is arrived at by taking CSR labor costs divided by the number of orders, and does not include any selling costs, or shipping costs.)

THE SOLUTION

- By integrating with Perstorp's ERP system, the eStoreFront automates the majority of the tasks associated with order placement and results in greater efficiency, faster turnaround time, higher customer convenience, and improved accuracy.
- By going online, customers can quickly and easily identify the product(s) they need, review product information, calculate needed quantities, check availability, and place the order. Later, they can also check order status.
- By providing them the ability to do it online, Perstorp has increased convenience for the customer and eliminated redundant work for the Customer Service reps.

Give the Sales Team more time

The "sales team is stretched," says Per Westberg, Perstorp's Marketing Manager. Perstorp has 15 sales people covering six continents around the globe, with each rep responsible for \$15MM-\$20MM in annual sales revenues—a figure which is significantly higher than what is typical in this industry.

Sales personnel and Customer Service are currently handling many calls related to delivery details, document details, change of orders, etc. Westberg estimates that sales reps spend 5-10% and sales assistants 15% of their time on such inquiries.

THE SOLUTION

Because of their large territories, the sales team finds it difficult to support the smaller accounts. Says Westberg, "By providing them with online access to product information, ordering and order status information, these accounts can receive better service, and with fewer resources required by Perstorp."

- With less time required by them to address customer inquiries, the sales force gains valuable time to spend on account maintenance and prospecting for new business.
- The Websites support Perstorp's goal to provide **accessibility, competence, sales assistance, speed**—words that Westberg describes as excellent customer service.

"Customers tend to choose us at the same price, or even perhaps a slightly higher price, based on our reputation of service and reliability. At the end of the day, it comes down to our reputation."

—Per Westberg,
Marketing Manager



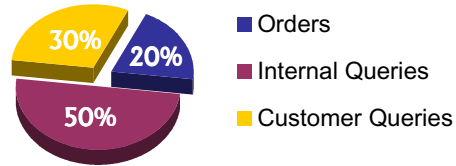
Focus on activities that add value

Historically, customer service reps have spent approximately 80% of their time providing information from PRISM to internal staff and answering customer questions. It is estimated that only 20% of their time was spent processing customer orders.

THE SOLUTION

Perstorp's eStoreFront provides a user-friendly way for customers and employees to access information that has previously been "trapped" inside of PRISM.

- By doing so, it alleviates the strain on the Customer Service reps to provide this information and allows them to focus on value-add activities.
- For example, by following up with the customer after an order is received, the rep has the opportunity to ensure the order was accurate, on-time, to specification, etc, and to immediately resolve any issues without the customer needing to initiate the process. What is learned during such calls would also help to improve future service.



Give Agents better tools

Perstorp relies heavily on 60 Agents around the world to handle local sales and marketing efforts, customer maintenance, order taking, and administrative work. Because Agents have had no access to PRISM, they have relied on Perstorp's Customer Service Center to enter orders into the system, and get product and customer information out. Many have expressed a need/desire to place orders in orders without needing to call Perstorp's Customer Service center.

According to Ekstrom, Agents typically fall into one of two camps. "The first recognizes that they are important to the customer, and views eBusiness as a way to interact better, and gain access to data such as COA, MSDS, so that they can provide better service. They see eBusiness as a tool to serve current customers better, and gain new ones." The second camp views eBusiness as a threat their customer relationships.

THE SOLUTION

Says John Ekström, "Our agents are critical to our success so we need to support them, and give them better tools. Our Web tools will definitely do that."

By providing them real-time access to PRISM, Perstorp's agents gain visibility into information on the customer, the products, and specific order details that will allow them to sell smarter. And, by enabling them to place their customer orders directly into PRISM, they can do it at their convenience. Accuracy and efficiencies are also improved.

Reduce the number of queries going to Technical Service

Perstorp's technical expertise plays a key role in its brand and reputation. The Technical Service department assists customers with application technology,

"We need to shift from being reactive to being more proactive."

—Dörte Lühje-Fristedt

A case in Point: Certificates of Analysis

Certificates of Analysis come up frequently as being an area that could be immediately streamlined by Web technology.

- Customers frequently call in to request that a COA be sent direct from Sweden because it looks "more official"
- Sometimes the COA doesn't arrive quickly enough to expedite the receipt of product.
- The processing of COA's is manual and time-consuming

By posting COA's online, customers can immediately access the document. In addition to improving turnaround time and expediting receiving, it also eliminates a manual task from everyday operations at Perstorp.



troubleshooting and technical issues, in order to optimize how the customer uses the product and ensure they are using it safely.

Technical data, like much of Perstorp's information, is "trapped" inside of PRISM. When customers need technical information, their calls have traditionally been sent to this department for resolution. Today, there are 5 Full Time Equivalents dedicated to handling technical service issues. In addition to the time, Perstorp also spends money to print leaflets of technical information to fax or mail as follow-up. In addition to being costly and time consuming for the Technical Services staff, it has also been a distraction from the main duties.

THE SOLUTION

Though this is a work-in-progress, it is Perstorp's intention to publish all of its current technical information---and possibly more---online, as a service to their customers.

- Provides 24x7 access to critical product information to customers around the world
- Mikael Hallhagen, former Manager of the Tech Services department, estimates that 90% of questions could be answered with 40-50 FAQs. By posting them online, customers could find the information they need and "Perstorp could save a ton of time and money."
- Frees the Technical Service department from processing the information requests

III. Conclusion

John Ekström, Perstorp's Sales Director, has been involved with the Web initiative from the beginning. In his words, "Our overarching goal is to increase customer satisfaction. We also recognize the opportunities for new business processes to raise our own internal efficiencies, enable us to make better decisions, and do less firefighting." "Superb service is our mantra," says Mikael Hallhagen. Perstorp often finds that the high quality of their product and their excellent service make up for pricing which is at times slightly higher than the competition—at times by as little as a penny.

Perstorp routinely benchmarks itself against operational leaders around the world, in various industries. Though the Perstorp name is quite well known, there is a strong belief that the awareness level and reputation for quality must be continually and actively cultivated. Says Ekström, "Our objective in moving now is to do something **new**, to be among the first. We have always been known for being innovative and creative, but we cannot stand still. We must prove our innovation, or the gloss fades"

Stratyc's solutions, by fully integrating with Perstorp's PRISM ERP system, enable Perstorp to share with its trading partners and employees information which has previously been "trapped" inside of PRISM. Though these early phases of their project will certainly improve customer convenience and streamline internal operations, Perstorp's future vision reaches farther. Perstorp plans to explore with Stratyc ways to facilitate electronic invoicing, payment, shipment tracking, as well as creative ways to proactively service the customer (i.e. programming the system to automatically send out product updates to customers as they are issued).

What about the risk of the competition seeing technical information online? "We figure they'll see it one way or another, so it's really a non-issue. Putting it online will save us a LOT of time and money, which far outweighs any risk."

—Mikael Hallhagen

When orders are right the first time, "Customers are happy and loyal. Employee satisfaction is high because they can add real value when they're not dealing with hassles. Their satisfaction, in turn, results in employee retention, which contributes to our ability to provide excellent service. **It's self-perpetuating.**"

—John Ekström, Sales Director

