



Quaker Chemical

Maureen Moyer
Global Controller, Quaker Chemical Corp.

The Financial Formula

Chris Evensen

You might say that Quaker Chemical Corp. has the world at its fingertips. But with formerly independent regional facilities and offices in Asia, Europe, South America and the United States, Quaker's world used to be a vastly different space.

In the past, if a customer in South America had a problem, the South American lab would work on it, and it would be very unlikely that the input would come from Asia, the United States or Europe – even though they might have the experience necessary to solve the problem,” says Michael Barry, CFO for Quaker Chemical. “As a result, we were getting a lot of duplication of effort, instead of deploying our resources and expertise in the most efficient and cost-effective way possible.”

More recently, Quaker Chemical has moved toward becoming a truly global company, reorganizing diverse regions and reconsidering their relationships to each other and to the

company as a whole. A change like this requires a shift from a regional focus to a global industry focus. “With this move toward globalization, there is no European region or Asian region anymore,” says Barry. “Instead, there is a global steel business and a global metalworking business, and those businesses have people and resources spread across all four regions.”

To help, Quaker Chemical turned to SAS, a long-time partner. Quaker's partnership with SAS began when Vice President and CIO Irving H. Tyler decided to use SAS to perform some basic sales and margin analyses. “The decision to use SAS initially was based on our need to get good data and information

so we could make better business decisions,” says Barry.

Quaker Chemical markets its custom-formulated chemical products and its fluid management services to manufacturers around the globe. Its client roster covers the world’s largest makers of steel, automotive, auto-related, aerospace and can products, as well as mid-sized to small producers of metalworking products supporting dozens of industries around the world. Headquartered in Conshohocken, Pennsylvania, Quaker’s 1,100 associates are spread among more than 20 offices worldwide, with a large force of regional sales and technical representatives working independently of the main offices.

Although Quaker manufactures chemicals, one of its main challenges is how to get the right expertise to the customers who need it most. “We don’t just sell chemicals; we sell solutions to our customers,” says Barry. “And the knowledge we bring to our customers sets us apart from our competitors. We’ve developed something called Quaker Business Intelligence, or QBI, to help us hone our ability to understand customer problems and issues and transform that understanding into a solution for the customer.”

In the past, knowledge and systems had been developed to conform with region-specific demands, without much thought to cross-regional needs or coordination. But that made it hard to share information across the regions, which Quaker needed to do in order to conform to its new industry focus and, ultimately, to compete successfully. “For example, one of the first key steps in the global R&D function was to make sure we were getting the best technology not just in Europe, but in the world,” says Barry.

The global focus posed similar challenges for the company’s financial decision makers. The regions had independent transactional systems, with 32 separate general ledgers around the world. The effort to go global meant that these ledgers had to be consolidated manually – and that was eating up time and money. Says Barry, “If you’re the person leading the business in Europe, and you tried to get your hands around the total business, you ran into a lot of obstacles because the systems simply didn’t match up, even on a regional basis. And global decisions were even harder to make. It was difficult to get the information we needed to make good business decisions.”



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“When we were planning Quaker’s shift to a more global organization, we had some hard choices to make about which path to go down,” Barry says. “We needed to choose the path that was going to give us the ability to take our best technology from anywhere in the world – from any part of our business – and get it where it needed to be. We couldn’t have been successful without SAS software. SAS has played a major part in our company’s ability to go global and act globally.”

Quaker Chemical’s experience with SAS led the company to consider how the software could help executives meet new challenges. “We decided early in the process of going global that it was important for us to have teamwork and get a clear idea of what’s behind the financial information that we have,” Barry says. “The closer we looked at SAS software, the more we realized that SAS had the tools to help us integrate our systems and give us the information we were going to need.”

Quaker Chemical now uses the SAS Solution for Total Financial Management to manage the process of consolidating its financial systems. And the company is looking at adding SAS’ balanced scorecard solution and HR Vision, an award-winning human resources solution.

“SAS gives us the ability to actually understand our business on a global basis,” says Barry. “A businessperson sitting in New York can actually look at what’s happening with a customer in China. In addition, we can now do customer analysis, which used to be impossible. And just going through the process of implementing SAS has helped us clarify our thinking about how to move to a truly global transactional system.”

Barry continues: “The SAS Solution for Total Financial Management is going to give us a lot more balance-sheet information than we ever had before. We used to consolidate balance-sheet information on a quarterly basis, and now we can do it monthly. The end result is much better information to run our business.”

With SAS, Quaker Chemical has reorganized and centralized its books, giving the company the global business edge it needs to remain focused throughout the world, says Maureen Moyer, Quaker’s global controller.

Moyer credits SAS’ ability to consolidate reporting efforts and produce accurate analysis. “During the consolidation process, we used to spend most of our time crunching the numbers,” she says. “Now, we spend time analyzing year-to-year changes instead of adding up Excel templates.”

In its first year of implementing the budgeting and planning component at Quaker Chemical, SAS knocked a month off the traditional four-month time frame for generating a budget. By 2002, Moyer expects an even shorter budget period, thanks to SAS. Additionally, through multidimensional reporting and

analysis, now Quaker executives can view the business from additional perspectives including, prime costs, e.g. training, labor/non-labor, by business line, etc. Quaker did not have this capability previously.

Also, Moyer can now manage global issues and better understand them. She can use SAS to make projections and chart strategy. And SAS reduces human error and saves time because consolidation takes place in a controlled environment.

Although Quaker has seen significant benefits, the full impact of the SAS Solution for Total Financial Management and other SAS solutions have not yet been realized. "Personally, I'm very anxious to start expanding the use of these tools, because they continue to supply more and more value to us," says Barry. "I think one big benefit is being able to look at and manipulate this data in the future, and compare our actual results versus what has been budgeted. We now have a SAS data warehouse that houses all our actual results and our budget results in one place, instead of it being scattered across spreadsheets and binders that have to be manipulated manually. So I'm personally very excited about that.

"I've dealt with a lot of companies on the business side, and I can honestly say that our relationship with SAS is totally different," the CFO adds. "It's a true partnership. We really appreciate the way SAS treats us. We've gained a lot from this relationship, and it's made a major difference to us." ■

Quaker Chemical:

The CIO's Strategy

SAS has become the central tool in Quaker Chemical's three-pronged information systems strategy, called QuakerOne. It focuses on the company's drive to become a unified, global organization that emphasizes one version of the truth.

The first part of the strategy is the Quaker Warehouse Information System (QWIS), which is made up of a series of analytical applications built with the help of SAS software, including SAS/IntrNet. These applications are Web-enabled and are available anywhere in the world via the company's intranet.

The second part of the strategy is a knowledge management solution based on the SAS Solution for Collaborative Business Intelligence. This solution, which is being pushed throughout the enterprise, helps employees share things like customer information and streamlines the R&D process.

The third part of the strategy showcases the SAS Solution for Total Financial Management and includes other SAS tools such as Strategic Vision and HR Vision. These specialized data warehouses enable users anywhere in the world to access information they need to make strategic business decisions. Says Irving H. Tyler, vice president and CIO, "We're using SAS as the anchor to help us organize things like our budgeting process. It helps us perform essential functions such as defining data requirements, ironing out information details such as business rules for exchange rates and price changes, etc., and then managing the process in terms of scheduling the work.

"SAS has helped us narrow things down to a more manageable set of elements so that we can focus on the critical areas of importance without getting bogged down in information that is meaningless to our business. In the end, it helps us organize our processes and understand our business better so we can make better decisions. SAS delivers the knowledge – that 'power to know', as the SAS tagline reads – that enables us to create value and make the decisions that lead to better operating results." ●



Irving Tyler
Vice President and CIO, Quaker Chemical Corp.



Read the whole story about the Quaker CIO's strategy: www.sas.com/sascom/quaker.