



U2K2 Project and SAP Execution

***Analysis of the Changes in Financial Functions due to
U2K2 Project and SAP Execution***



BRAC University
BRAC Business School
BBA Program
Internship (Course Code: BUS-400)

U2K2 Project and SAP Execution

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Date of Submission: September 29, 2011

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Subject: Submission of Internship Report

Dear Ms. Mahtab Faruqi,

With great gratification I am submitting my internship report on “U2K2 Project and SAP Execution” that you have assigned to me as an essential requirement of Internship (BUS-400) program. It is really an enormous prospect for me to congregate vast information and grasp the subject matter in an appropriate way. I have found the study to be quite interesting, beneficial & insightful and tried my level best to prepare an effective & creditable report.

I honestly, not only anticipate that my analysis will assist to provide a clear idea about the overall condition of “U2K2 Project and SAP Execution”, but also optimistic enough to believe that you will find this report’s worth for all the labor I have put in it. I welcome your entire query & take pride to answer them.

Yours Sincerely,

(Md. Javed Bin Faruk)

Acknowledgement

I would like to provide my heartiest appreciation to BRAC University as well as my Academic supervisor Ms. Mahtab Faruqi, Senior Lecturer, BRAC Business School, BRAC University for providing me the ground to earn good insights about “U2K2 Project and SAP Execution”. This is indeed a good way of learning and I really appreciate his efforts towards giving me a proper line of directions.

I am cordially thankful to my Organizational supervisor Mr. A. B. M. Monimul Islam, Change Continuity Lead, U2K2 Project, Unilever Bangladesh Limited for helping me spontaneously regarding the project. Without his time and dedication, the depth of my knowledge about the subject matter could not be flourished within the short period of time.

Nevertheless, I am also extending my heartfelt thanks to Ms. Tanvira Choudhury (Leadership Development Manager, Unilever Bangladesh Limited), Mr. Masud Iftekar (Change Agent of U2K2 project, Unilever Bangladesh Limited), Mr. Sarwar Moorshid (Country Process Lead, FICO Track, U2K2 Project, Unilever Bangladesh Limited) and others for their continuous support, assistance and inspiration through the accomplishment of this job.

Executive Summary

Unilever Bangladesh Limited was initiated a project called U2K2 on August, 2010 which is basically a Business transformation program to support achievement of the AAC “Serve, Grow, Deliver” Vision by strengthening the One Unilever operating framework in the Region, leveraging Unilever’s scale further and implementing one way of working enabled by SAP. Although it had various benefits such as it helps to make faster decision, manage price and Forex volatility efficiently, improves operating cash flows and provides greater information visibility, etc. but it changed the total way of working of Unilever Bangladesh Limited. To manage this organizational change and cope up people with this change, Change Management Team of U2K2 Project has been done several activities such as Change Impact Assessment, Leadership Alignment Workshop, Stakeholder Management Plan Development, building Change Network Strategy, Loyalty Program, organizing training program, doing survey on user readiness checking.

However, SAP is a leading Enterprise Information and Management Package which helps Unilever Bangladesh Limited to track and manage sales, production, finance accounting and human resources, in real-time. The main benefit that Unilever Bangladesh Limited gets from this software is integration because SAP is designed to allow any organization to operate variety of business processes within a single integrated information system. Although Unilever Bangladesh Limited gets various benefits from SAP, several departments have been affected due to implementation of this software and Finance Department is most affected one. Different finance functionalities like Financial Planning Processing, Internal Orders Processing, Month end Closing, Value Chain Reporting, Product costing, Cost centre Hierarchy, Collection Process, Profitability Analysis, Planning from Retail Selling Price, etc. have been changed because of the SAP Financial Accounting Module and SAP Financial Controlling Module.

Although SAP helps Finance Department of Unilever Bangladesh to improve their collection process, Month end Closing process, monitoring and controlling activities, reduce billing cost and speed up data processing, etc. but it requires high understanding level regarding SAP application and great discipline among the employee of the Unilever Bangladesh Limited.

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Chapter-1
Introduction of the Report



1.1 INTRODUCTION

Today's Business world is changing very rapidly. Every company in each and every industry takes different strategies to survive in this dynamic world. Most of the companies are now using different ERP systems in their operation to make their business more effective and efficient. Even some companies start business transforming program to get competitive advantage over their competitors. This report will give a clear understanding regarding how Unilever Bangladesh Limited transforms their business due to U2K2 project and SAP implementation.

1.2 ORIGIN OF THIS REPORT

This report was assigned as part of the Internship program of BRAC Business School upon completion of four years Bachelor of Business Administration (BBA) program. In accordance with the specifications of this program, the author has completed four month periods of the internship at Unilever Bangladesh Limited (UBL).

The assigned project titled "U2K2 Project and SAP execution" has been completed and report has been prepared under kind supervision of Academic Supervisor Ms. Mahtab Faruqui, Senior Lecturer, BRAC Business School, BRAC University, and Organizational Supervisor Mr. A.B.M Monimul Islam, Change Management Continuity Lead, U2K2 Project, Unilever Bangladesh Limited.

1.3 OBJECTIVES OF THE REPORT

The objective of this report encompasses general and specific objectives. These are given below:

1.3.1 GENERAL OBJECTIVE

The main objective of this report is to find out the changes in financial functions of Unilever Bangladesh Limited due to U2K2 Project and SAP implementation.

1.3.2 SPECIFIC OBJECTIVES

- ▲ *To know what is U2K2 Project of Unilever Bangladesh.*
- ▲ *To know what are the benefits that Unilever gets due to U2K2 Project*
- ▲ *To learn what are the key elements of the U2K2 project*
- ▲ *To understand different stages of the U2K2 Projects*
- ▲ *To understand how Change Management team in Unilever Bangladesh worked in U2K2 project.*
- ▲ *To understand about how Unilever managed changes due to U2K2 project and how they adopted with changes.*

- ▲ *To find out what is SAP and its business benefits.*
- ▲ *To learn more about different SAP finance modules and how they work*
- ▲ *To find out the key changes of financial functions of Unilever Bangladesh Limited due to U2K2 project and SAP execution*
- ▲ *To understand how they are benefited*

1.4 SCOPE OF THE REPORT

As per the requirements, this report only focused on few parts of Unilever Bangladesh Limited. This report only contains information regarding changes in financial functions of Unilever Bangladesh Limited due to U2K2 Project and SAP implementation. There are also several departments and functions such as Customer Service Operation, Manufacturing, and Supply Chain etc. have been affected due to this project.

1.5 METHODOLOGY

Methodologically, this report is a qualitative one. It is a mainly describe total process of U2K2 and changes that has been taken place into the finance department because of this project. The report is completely based on practical observation and information collected from the interview session of different personals working at Finance Department and U2K2 Project of Unilever Bangladesh Limited.

1.5.1 PRIMARY DATA:

However, this research is mainly based on the primary sources of information and that is the information collected from Mr. A.B.M Monimul Islam, Change Management Continuity Lead, U2K2 Project, Unilever Bangladesh Limited. On the other hand, I used different presentation slides regarding U2K2 project to gather more information. As per the requirement of the report the author has tried to focus mostly on this collected information and relate it to the theoretical aspects and present them in a concrete format.

1.5.2 SECONDARY DATA:

For completing this report more organized way, I also used several secondary sources of data. Those sources are different websites, books, and articles.

1.6 LIMITATION

There were several contains that I had to face. Some constrains were given below:

- ▲ *As per the organizational policy of Unilever Bangladesh Limited (UBL), I was not allowed to put any numeric data in this report.*
- ▲ *Lack of cooperation from the UBL officials in the confidential point of view*
- ▲ *Lack of practical knowledge in different SAP applications*



Chapter-2

Overview of the Company



2.1 UNILEVER GLOBAL

Unilever is a British-Dutch multinational company. It owns many of the world's consumer product brands in foods, beverages, cleaning agents and personal care products. In 2010, Currently it has over 167000 employees globally and it is one of the top employers around the world. It had worldwide revenue of €44,262 million in 2010.¹ Unilever is a global business which by the end of 2010 was generating majority of its turnover from developing and emerging markets such as Asia, Africa and Central and Eastern Europe.²

Most interesting thing is that, Unilever is a dual listed company which has two headquarters. One is situated in Rotterdam, Netherlands called Unilever N.V and another is situated in London, United Kingdom called Unilever PLC.

Unilever sells its product in over 180 countries with over 170 billion Unilever products are bought by consumers around the globe yearly. It is a global market leader of 12 brands which sells over \$1bn every year. Its ambition is to double the size of the organization while reducing their environmental footprint.

2.2 UNILEVER'S VISION

Following are the visions of Unilever

*"We will develop new ways of doing business that will allow us to double the size of our company while reducing our environmental impact."*³

2.3 UNILEVER'S MISSIONS

Unilever mission statement is given below:

*"Unilever's mission is to add vitality to life by meeting everyday needs of nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life."*⁴

¹ <http://en.wikipedia.org/wiki/Unilever> , Retrieved on 13th August,2011 at10:11PM

² http://www.unilever.com.bd/Images/ir_Introduction_to_Unilever%20_%20Feb08_tcm61-15184.pdf topic name Innovation driving growth and page number 16-23, Retrieved on 13th August,2011 at10:14PM

³ <http://www.unilever.com/aboutus/>, Retrieved on 13th August,2011 at10:14PM

⁴ http://www.unilever.com.bd/Images/ir_Introduction_to_Unilever%20_%20Feb08_tcm61-15184.pdf, Retrieved on 13th August,2011 at10:11PM

2.4 UNILEVER BANGLADESH LIMITED

Unilever Bangladesh Limited is an excellent example of a strong local company successfully leveraging an international network. It started its business in Bangladesh in 1964 as a manufacturing wing of Lever Brothers Pakistan Limited. Initially it started the onshore operations by setting up a soap factory at Chittagong. Lever Brothers Bangladesh Ltd (LBBL) was formed in 1973 with 39.25% share held by the Government. In 1990 the company diversified its base of personal and laundry soaps and shampoo and now has a strong range of 14 brands. In December 2004, the company aligned its name with the global identity by changing its name to Unilever Bangladesh Limited (UBL).

Currently the company is one of the most reputed companies of the country with its products reaching about 90% of the households. It has 15 brands in total, with power Brands being Lux, Lifebuoy, Wheel, Fair and Lovely etc. The company has been delivering double digit growth consecutively for the last 8 years and it leads the market in almost all the categories that it operates.

2.5 UNILEVER BANGLADESH AT A GLANCE

- ✓ **Nature of Business:** Fast Moving Consumer Goods
- ✓ **Operation:** Home and Personal Care, Foods and Water Business.
- ✓ **Constitution:** Unilever has 60.75% shares and Government of Bangladesh has 39.25% shares.
- ✓ **Product categories:** Household Care, Fabric Cleaning, Skin Cleansing, Skin Care, Oral Care, Hair Care, Personal Grooming, Tea based Beverages
- ✓ **Unilever's brands:** Wheel, Lux, Lifebuoy, Fair & Lovely, Pond's, Close Up, Sunsilk, Taaza, Pepsodent, Clear, Vim, Surf Excel, Rexona, Axe, Dove, & Vaseline.
- ✓ **Manufacturing facilities:** Soap Manufacturing Factory, Personal Products Factory and Tea Packaging in Chittagong. Other three Manufacturing units run by third party.
- ✓ **Employees:** More than 10,000 people directly connected with UBL.⁵

⁵http://www.unilever.com.bd/aboutus/introductiontounilever/UBLataglace/?WT.LHNAV=Unilever_Bangladesh_at_a_glance, Retrieved on 13th August, 2011 at 10:14PM

2.6 SWOT ANALYSIS OF UNILEVER BANGLADESH LTD

Strengths	Weaknesses
▲ Strong Brands ▲ Efficient Manufacturing ▲ Efficient human resources. ▲ Superior Sales Team ▲ Efficient financial model ▲ Regional Support ▲ Providing quality product. ▲ Strong distribution channel.	▲ Lack of Flexibility compared to local competitors ▲ Supply is not meeting demands. ▲ Product price is little bit higher than local companies.
Opportunities	Threats
▲ Growth Potentials ▲ Scope of increased manufacturing ▲ Market demand is huge. ▲ Customers are now more quality concern.	▲ Competitors are not fully maintaining government regulation. ▲ Customers are now more price sensitive.

2.7 COMPANY STRUCTURE

Unilever Bangladesh Limited has five departments to carry out all the organizational functions. Respective director's are the head of all departments. These departments are:

1. Customer Development Department Headed by Customer Development Director (CDD)
2. Brands & Development Department headed by the Brands and Development Director (B&DD)
3. Supply Chain Department headed by the Supply Chain Director (SCD)
4. Finance Department headed by Finance Director (FD)
5. Human Resources Department headed by the Human Resources Director (HRD)

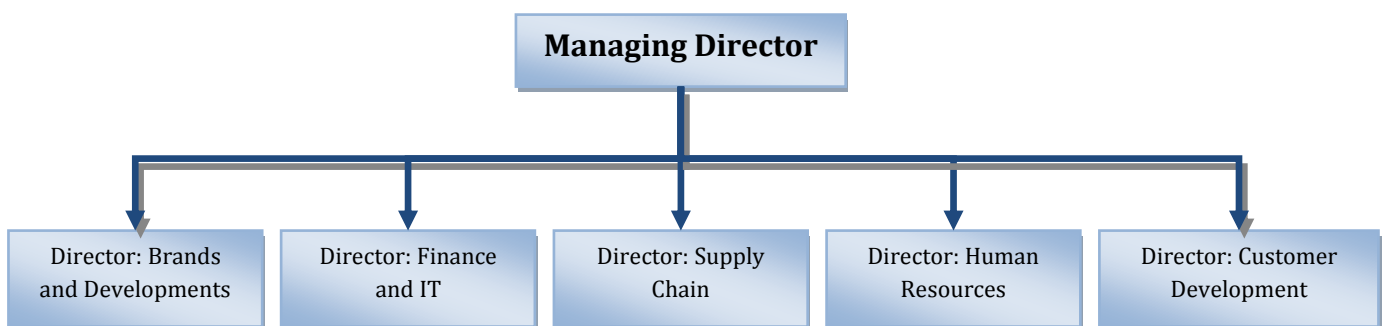


Figure 1: Organizational Structure

Chapter-3
U2K2 Project and Change Management



3.1 INTRODUCTION TO U2K2

U2K2 is a Business transformation program to achieve “Serve, Grow, Deliver” vision by strengthening the one Unilever operating framework in the Region, leveraging Unilever’s scale further and implementing one way of working enabled by SAP. U2K2 is an extension to Unilever’s ‘One Unilever’ vision in ASIA-AMET and it comprises 2 parts:

U2



U2 (Unity2 ASIA-AMET = Unity2AA = Unity 2 = U2) aims to implement new common business process with a regional SAP roll-out. U2 delivers a common set of business process, standard master data and quality information in a timely fashion, all of which will improve the speed of decision making.

K2 is a major business transformation program. This relocations some executive functions and key resources to Singapore as well as the conversion of the Singapore based Regional Headquarter to an operating company – Unilever Asia Private Limited (UAPL). A regional trading unit which will service all countries across Asia Amet will also be set-up within the Supply Chain hub to manage the cross border flows of raw materials and finished goods.

←--**K2**

3.2 KEY OBJECTIVES OF U2K2

The key objective of U2K2 is to increase the competitiveness of Unilever’s Business in the Region by:

- ▲ *Strengthening and fully leveraging the one Unilever Operating framework*
- ▲ *Driving co-location efficiencies*
- ▲ *Driving sustainable competitive advantage*
- ▲ *Generate Operational and Fiscal Benefits from the way Unilever operates*
- ▲ *Implement common processes, SAP and Information Management Solutions*

3.3 KEY BENEFITS OF U2K2

- ▲ *Faster decision making and innovation arising from Unilever Asia Pacific Limited’s ability to take risks and commit centrally*
- ▲ *It helps to manage price and Forex volatility efficiently*
- ▲ *Financial and operational benefits in raw materials and finished goods sourcing e.g. improved operating cash flows, lower inventory and transaction costs.*

- ⬆ *Greater information visibility, timeliness and reliability.*
- ⬆ *Increased in resource efficiencies through process harmonization and better information.*

3.4 KEY ELEMENTS OF U2K2

- ⬆ *More than 200+ processes , the way of doing the work change*
- ⬆ *New capabilities are implemented which needs different skills*
- ⬆ *Global master data hierarchies and common master data*
- ⬆ *The way of managing/creating/updating Master data is changed*
- ⬆ *Product master data codes is changed*
- ⬆ *New roles are introduced*
- ⬆ *SAP rollout*

3.5 THE U2K2 JOURNEY

In 2010, U2K2 projects started its journey in Pakistan and Bangladesh. Basically the total journey of U2K2 can be categorized into seven stages. Those are:

1. *Country engagement and pre-deployment*
2. *Personalization*
3. *Build*
4. *Test and integrate*
5. *Train and cutover*
6. *Go-Live*
7. *Intensive care*

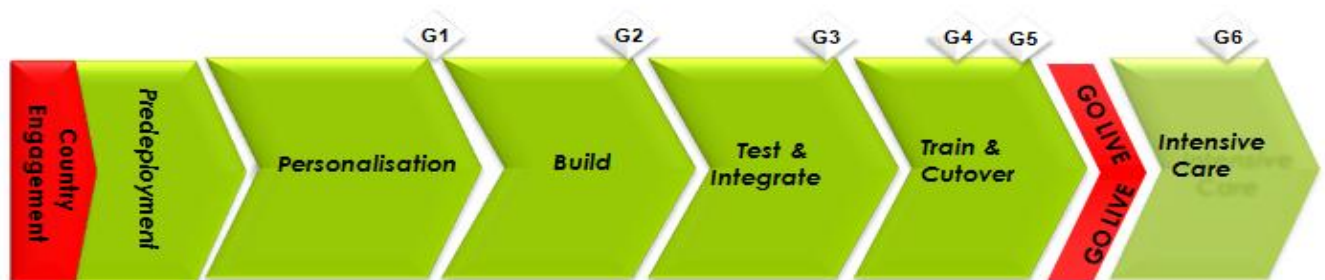


Figure 2: Different Phases of U2K2 Project

3.5.1 COUNTRY ENGAGEMENT AND PRE-DEPLOYMENT

It was the first stage of the U2K2 project where both Pakistan and Bangladesh teams were introduced with each other and acquired knowledge regarding different stages of the total project. In workshop one, both Bangladesh team and Pakistan Team explained their way of working in different levels of

the organization with RAC (Regional Action Committee) team. Basically SAP is a kind of software which is really very standardized and the way of working is different in various aspects. So it was necessary to be developed this software according with the requirements of UBL as well as for the Unilever Pakistan Limited (UPL). Thus, RAC team noted down their requirements from both countries and explained different applications of SAP. In the mean time, each country created project team which was consisted of best performers of the different departments of the business. Every project team consisted of five tracks. Those are: Master Data Management track (MDM), Finance Track (FICO), Customer Service Operation Track (CSO), Manufacturing Track (MAKE), Supply Management Track (SM), and Change Management Track (CM).

3.5.2 PERSONALIZATION

In this stage RAC team built up the solutions according to the requirements and shared this with the Bangladesh team and Pakistan team in workshop 3. Several meetings and communications had been taken place into this stage between Bangladesh team, Pakistan team and RAC team to finalize the solutions. As Bangladesh team and Pakistan team did not have adequate knowledge about SAP on that time, that's why Accenture team worked as an intermediary to help them understand. After several meetings, project team and RAC team finalized the business blueprints, functional specifications, master data templates. Bangladesh team and Pakistan team tested, checked this solution in different business scenarios. After finalizing the solution, the U2K2 crossed the Gate 1 and RAC team went back to Singapore and started their works to develop the SAP software according to the requirements. This stage is called signoff solution.

3.5.3 BUILD

In Build phase, the project team was aligning the required resources to develop environment for SAP and Business Warehousing. As the same time they were running this system in different prototypes and test scripts covering all possible scenarios. This was a very crucial stage where there was also several training programs arranged both in Bangladesh and Pakistan to train some of the key persons of the project team who were assigned to do those works.

3.5.4 INTEGRATION & TESTING

From Build phase and fulfilling the pre-requisites of Gate 2, U2K2 journey entered into the unit testing and Integration testing phase during which various transactions were performed on a SAP environment loaded with business data. The idea was to track non-integration issues. This phase comprised of Integration Test Cycle 1, Integration Test Cycle 2 and User Acceptance testing.

On the other hand, there was another pregame started into both Pakistan and Bangladesh named Trained The Trainer (TTT) where Accenture team gave training to some of the key business personals about SAP and they would be assign to give training to the end users.

However, after ending of the TTT successfully, the best performers were assigned to give training to the end users about different SAP applications which were necessary for them to do their own job.

3.5.5 TRAINING AND CUT-OVER

It was a process of transporting from legacy systems to SAP & its integrated system. Cut-over was a sequence of activities required to achieve & deliver a fully operational SAP environment. U2K2 cut-over planning entail all critical documentation related to planning, preparing and executing the transactions. The system was suspended for a predetermined time to facilitate smooth transition. In this period, master data was also uploaded to SAP. It was the last phase before Go-Live and required to complete to pass Gate 4.

In the meantime, there was a survey conducted by Change Management team to find out the user readiness to work on SAP.

3.5.6 Go-LIVE:

After passing the user acceptance test and gate 5, it was time to execute SAP into the mainstream Business. This phase called GO-Live and it happened on 1st August, 2011.

3.5.7 INTENSIVE CARE:

Intensive Care is a critical phase in the project which ensures that users will get complete support from the project team to perform daily operations. An Intensive Care team created which was comprised of Project Core Team, Key users, RAC, Accenture team etc. to facilitate the support for end-user to adapt into the new SAP environment.

3.6 CHANGE MANAGEMENT TEAM OF U2K2

Change Management Team of Unilever Bangladesh Limited is engaged to make sense of (and defining) all the changes happening into the organization, the process and the individual because of the U2K2 and offering guidance on the transition from the current state to the future state. This team is also countering all human aspects that inhibit a smooth implementation of SAP. However, the success and duration of organizational change is ultimately decided by people. Change management team is working with those people by engaging them in the right manner at the right time. If Change Management team fail to do this that time people will not able to walk the same journey that Change

Management Team ask them to join. Basically this team enables Unilever to bridge the gap between the current state and future state more quickly and more successfully. I worked as a Site Coordinator of U2K2 Project, Change Management Team, Unilever Bangladesh Limited.

3.7 KEY ACTIVITIES OF CHANGE MANAGEMENT

Throughout the U2K2 project, Change management team performed different important roles which are discussed briefly below:

3.7.1 CHANGE IMPACT ASSESSMENT (CIA)

CIA was the tool that has mainly used by Change Management team to track down all the change happened in all tracks due to implementation of U2K2 project. First CM team found out what was the existing process of doing work and then they found out what would be the changes that have been taken place after GO-Live. It helped them to identify the key changes.

3.7.2 LEADERSHIP ALIGNMENT WORKSHOP (LAW)

There were four Leadership Alignment Workshops organized by CM team where business lead members were involved. In the first workshop, CM team members shared what is U2K2, what are the main benefits that get business after U2K2, what are the objectives of implementing U2K2, and also took commitment from the Leadership team for giving their full support to the U2K2 project team. However, in last three workshops, CM team shared U2K2 updates with Leadership team.

3.7.3 STAKEHOLDER MANAGEMENT PLAN DEVELOPMENT

Stakeholder Management Plan was a big challenge for CM team. For doing this first they had to identify the stakeholders such as key internal employees, Vendors or Suppliers, Government and others. For doing this, CM team communicated with the Steering committee members' which is consisted of the top level management. They nominated different key human resources in their own department and assigned them to work in the project team. Each track has one Leader called Country Process Lead (CPL).

However after selecting CPL, CM team arranged a focus group discussion with those CPLs to identify some employees in each department who has strong knowledge of the existing process. They persons were called Process Experts. Those persons were assigned to work with the CPLs in different purpose.

As those Process Experts were very important for the business that's why some other persons were also assigned to back up their work. Those nominated persons are called Change Agent and this total process that had been done by CM team is called Stakeholder Management Plan Development.

3.7.4 LOYALTY PROGRAM

To motivate the business people and the project team members, CM department organized different reward programs such as:

▲ **GOLDEN GATE AWARD:**

Best performer Tack of the project team got Golden Gate Award which was given based on the timely submission of the report as well as the quality submission.

▲ **PEOPLE CHOICE AWARD:**

The person who got the highest number of votes given by the project team member per month was nominated to get this award.

▲ **U2K2 CHAMPION:**

To motivate business people to know more about U2K2 project, CM team arranged a competition named "Ka Hobe U2K2 Champion". This competition was just like the reality show "Kon Bonaga Coreputi" where CM team asked questions to the Business people and they had to answer the question correctly to get the Award.

▲ **BEST TRAINER AND BEST TRAINEE:**

Now at this moment CM team is going to give award to the Best Trainer and Best Trainee who will be nominated by each track members.

3.7.5 TRAIN THE TRAINER (TTT) AND END USER TRAINING (EUT)

CM team arranged training program called TTT where Accenture team provided training about SAP to the key users of each track. The purpose to organize this training was to identify best trainer who was assigned to give training to the End users. After getting feedback both from the trainer and trainee and also from the CPLs, CM team nominated the Trainer for the EUT program.

However, after completing the TTT, CM team collected End User List from the each track CPL and communicated with them to invite and share the schedule of the training. When the training program started, CM took examination after each session with the help of the Trainer. Each trainee had to have 90% marks to pass the examination. If any of one of them unable to attend this marks that time CM team communicated with Trainer to give a new schedule of training to that particular person and gave him again training to overcome his weakness so that he can manage to pass the examination.

After completing all the courses successfully, one participant was nominated to get SAP using certificate and this certificate was provided by the CM team.

3.7.7 USER READINESS SURVEY:

Throughout the U2K2 project, CM team conducted several surveys. First survey that had been conducted by CM team was Change Readiness Survey where they tried to find out how the business people are ready for accepting the change. In the meantime, CM organized several Roadshows in different sites where they discussed about U2K2 with the business people and took their feedback. However the last survey was User Readiness Checklist. The purpose of conducting this survey was to find out the preparation level of the Users and also was there any issue regarding their SAP ids and Password.

3.8 MY JOB RESPONSIBILITIES IN THIS PROJECT:

As a part of the CM team I also had to do several major activities. I worked as a Site Coordinator of Bangladesh CM team in the U2K2 Project. Some of my key responsibilities share below:

- *Supporting the day-to-day training needs to ensure a smooth Training delivery to all end users attending the training sessions.*
- *Giving faster solution regarding any training sessions' issues.*
- *Coordinating and administrating U2K2 End User Training.*
- *Working closely with Central Training Managers*
- *Indirectly working with Accenture for consultation on training data preparation*
- *Ensuring of training logistics, training materials*
- *Absence tracking with supervisors and managers*
- *Executing Training & Go-live communication plan on site.*
- *User Readiness Survey*
- *Organized different U2K2 related program.*

Chapter-4
SAP and Finance Modules of SAP



4.1 OVERVIEW OF SAP

SAP is a leading Enterprise Information and Management Package. Systems Application and Products (SAP) is a powerful tool that integrates multiple business processes and functions into one comprehensive system. By using this software, any company can easily track down and manage their sales, production, financial accounting, and human resource in real time. SAP AG is the world's largest enterprise software company which creates this software for business named SAP. There are various components within the SAP software. Each of those components can be broke down further into modules of functionality and those are more discrete in nature. All SAP components link into a central database, which connects various business activities of the company and is where all company data is stored. However this software is comprised of modules like Finance, Sales and Distribution, Materials Management, Warehouse Management and so on. Individual SAP modules combine to form an SAP component. Each of these modules serves to manage a functional area for which a particular department is responsible. Indeed a company's business processes are configured within a SAP component. By adopting this proven practice, companies serve their stakeholders more efficiently.

4.2 BUSINESS BENEFITS OF USING SAP

Many businesses today use traditional information systems which have been developed to do some specific tasks and provide reports and analysis of different event that have already taken place into the business. Some systems provide information in a “real time” mode. Actually those systems have latest information in their database and can be used to control events. Typically, a company has various systems to control and manage different processes like production, sales and accounting. Those systems have separate database and transfer information to another systems when it is required. So that it is a time consuming and not an integrated process .

However, it is totally different in SAP. There is only one information system in the SAP. All application is able to access common data. If there is an event taken place into the business that will happen in transactions and store into the SAP and automatically the calculation is done by events in sales and production into the SAP. However, SAP structure considered as a “Best Business Practices”. Basically the company which implementing SAP actually adapts its operations to this software to achieve its efficiencies and power Next part of this report will discuss the benefits of the SAP:

▲ INTEGRATION

The most important benefit that UBL gets from this software is integration. The main aim to implement this system into the business operation is, it reduces data redundancy and redundant data entry. This software package is designed to allow any organization to operate variety of business processes within a single integrated information system.

▲ IMPROVE ALIGNMENT OF STRATEGIES AND OPERATIONS

SAP helps UBL to run according to their strategy and plans because it gives right information in real time to identify any issue in early stage. Thus UBL can notice any opportunities proactively. By aligning workforce and organizational objectives, SAP helps any company to achieve its corporate objectives.

▲ IMPROVE PROCESS STANDARDIZATION

This enterprise system helps to improve the process standardization, efficiency and adaptability. On the other hand, it extends transactions, information and collaboration functions to broad business community.

▲ SUPPORTING CHANGING INDUSTRY REQUIREMENTS AND REDUCE RISK

As business changes with the changes of the industry, UBL can easily modify anything by using this software because it is web based software to integrate end to end processes effortlessly. UBL can also solve complex business challenge with the help of SAP and that helps to attend their long term goal.

▲ IMPROVE FINANCIAL MANAGEMENT AND CORPORATE GOVERNANCE

It helps UBL to gain deep visibility into the organizational financial and management accounting functionality combined with business analytics so that UBL can increase their profitability, can improve financial control and also able to manage risk.

▲ REDUCE IT SPENDING

As SAP helps to integrate all the functions within the organization so that it reduces the integration costs. On the other hand, now UBL does not need to buy different systems for different functions. One software SAP can do all the activities and thus it will help UBL to reduce their IT cost.

▲ PROVIDE IMMEDIATE ACCESS TO ENTERPRISE INFORMATION

SAP shows a new ways to the UBL's employees' to access the enterprise information for their daily activities and they can easily access their required information in a very short time period.

4.3 FINANCE DEPARTMENT OF UNILEVER BANGLADESH LIMITED

The Finance and IT departments are jointly headed by one Director. The main objectives of this department are to serve all the division and departments of the companies, to secure and uphold company assets and interest, to ensure proper internal control within the company and above all, to be cost effective in order to get optimum benefit for the company while operating. At present the major sub departments are:

- ▲ Business system
- ▲ Finance
- ▲ Legal

4.4 FINANCE MODULES OF SAP

Financial Accounting (FI) and Controlling (CO) are independent components in the SAP system. Those modules are closely integrated with other Modules. It helps management for better decision making and strategic planning and those are the main functionality of SAP modules.

4.4.1 SAP FINANCIAL ACCOUNTING (FI)

The main benefit of SAP FI module is, it has the capacity to do all the accounting and financial works of an organization. The Financial Manager as well as other Managers within any organization can review the financial position at any time by using this module. Indeed, UBL can generate any financial statements within a very short period which is sometimes not possible for any legacy systems. Mostly FI document posting is generated or triggered automatically from other modules e.g. Material management (MM), Sales distribution (SD), Production Planning (PP), Project System (PS), Plant Maintenance (PM), Non SAP System through Interface. There are several sub-modules within FI module:

- ▲ *Accounts Receivables*
- ▲ *Accounts Payable*
- ▲ *Asset Accounting*
- ▲ *Treasury*

ACCOUNTS RECEIVABLES

We all know that accounts receivables records all account posting generated as a result of Customer sales activities. In SAP FI module those postings are automatically updated in the general ledger. By using this module UBL can easily monitor the time duration required for receivable collection and

that helps to generate customer analysis. This data comes from the Customer Master Modules, Sales and Distribution and Cash Management Modules and those are also integrated with this accounts receivables module.

ACCOUNTS PAYABLE

As like Accounts receivable, accounts payable postings also generated in the General Ledger in SAP. Here, accounts payable payments are cleared by Bank Cheque. This data comes from the Vendor Master Modules.

ASSET ACCOUNTING

Asset Accounting is utilized for managing Fixed Assets. This module allows UBL to classify different assets and to set values for depreciation calculations in each asset class.

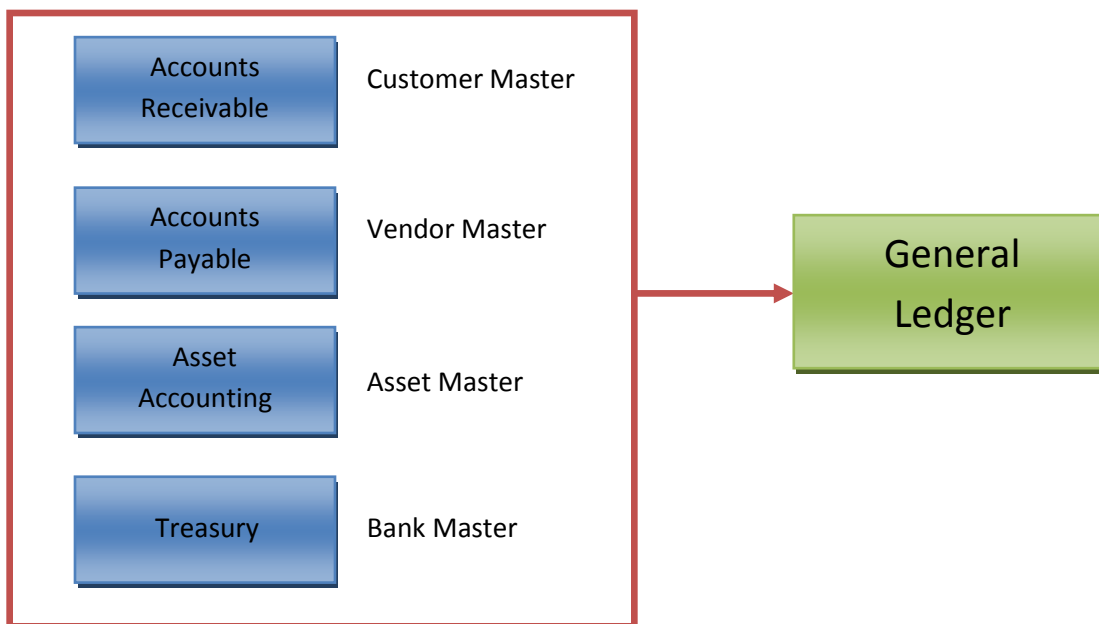


Figure 3: Process of Information Flow into SAP FI module

TREASURY

Bank Accounting helps management to input bank transactions into the system and cash management. Each bank that UBL deals with creates a Bank master inside their system. When a payment is received from a customer or made to a vendor via bank transfer, that time this file will be updated.

RECONCILIATION

When any transaction happened in those four master data file, there is a reconciliation process happened to enter data from those accounts to general ledger. In the reconciliation process, two set of records compares to each other to make sure they are in agreement.

GENERAL LEDGER

General ledger is the main part of the FI modules of the SAP. All the posting has been recorded over here. And those postings are displayed what happen in present to make the up to date visibility of the business transactions.

4.4.2 SAP FINANCIAL CONTROLLING (CO) MODULE

The SAP CO (Controlling) Modules actually provides important information to the decision maker for planning, reporting, to monitor the operation of business. It makes the decision making process easy because it provides high level of information to the Management. There are several components of the CO module. They are:

- *Cost Element Accounting*
- *Cost Centre Accounting*
- *Internal Orders*
- *Activity Based Costing (ABC)*
- *Product Cost Controlling*
- *Profit Center Accounting*

THE COST ELEMENT ACCOUNTING

The Cost Element Accounting component provides information about cost and revenue. Those postings come from FI to CO. The cost elements are the basis of cost accounting and display cost of each of the account that have assigned to the cost element.

COST CENTER ACCOUNTING

Cost Center Accounting provides data on the costs that incurred by UBL's business. By using SAP, UBL has the ability to assign cost center to each department which is responsible for certain area of the business. Thus cost center can be created for different functional areas such as Brands, Finance, Human resources, Customer Development, Supply Chain etc. for a certain period of time.

INTERNAL ORDERS

Internal Orders in SAP are used to track and control cost items. It helps UBL to track down costs of a specific job, service or task. This information helps UBL to identify different costs and helps to better decision making purpose.

ACTIVITY-BASED COSTING

By using SAP, UBL can easily find out the process oriented cost of any activity. It enhances Cost Center Accounting where it identifies different cost related to any activity. UBL can also use this to find out Product Costing and Profitability Analysis.

PRODUCT COST CONTROLLING

It helps management to analyze their product costs so that they can fix the price of that product. As it is a confidential issue, UBL do not share how they use SAP to for setting the price of the product.

PROFITABILITY ANALYSIS

SAP allows UBL Management to review information with respect to the profits and contribution margin by business segment. For doing profitability analysis they use Account Based analysis and Cost Based Analysis. With SAP, they can analyze profitability by various dimensions such as product, market, customers, service or channel.

PROFIT CENTER ACCOUNTING

Profit Center Accounting helps UBL to figure out the profit or loss of the business. It helps UBL to measure the each segments contribution to the profit of the company and balance of the costs.



Chapter-5

Analysis of the Key Changes of Financial Functions



5.1 ANALYSIS OF THE KEY CHANGES OF FINANCIAL FACTIONS

Due to the implementation of U2K2 and SAP, there are 10 major changes happened into the operation of the Finance department. Those are discussed briefly in below:

5.1.1 FINANCIAL PLANNING PROCESS

Before go live Financial Planning Process had been done by locally developed software named “Matrix” along with few allocations performed through ABACUS. Low level of integration was the problem of this system. And they were able to do planning quarterly basis. After go live, due to the application of BIIP (Business Intelligence and Integrated Planning) most of planning process is shifted to this Module which is more integrated and any one can use that for different purposes.

KEY CHANGES:

1. From Matrix and ABACUS to BI-IP (Business Intelligence and Integrated Planning).
2. Now UBL has to do planning quarterly and monthly basis.

BENEFITS:

The main benefit that UBL gets in this process that it integrates different functions. They can construct the report more quickly as they don't need to assemble the data from different sources. On the other hand, data accuracy will also increase.

5.1.2 INTERNAL ORDERS PROCESS

Before go live relevant data of the costs were controlled through project's code or activity's code. After implementation of SAP, it is controlled through Internal orders process.

KEY CHANGES:

Internal Orders in SAP are used by UBL to track and control Cost items. Previously UBL used to make project codes and sub accounts for accruing those costs, and but there was no budget profile, however Internal Orders requires budget profiles be maintained for different activities.

BENEFITS:

By using Internal Order Process in SAP, UBL is able to monitor the cost of short-term jobs as well as costs and revenues of a specific service. There is a budget profile attached with this system which helps them to control ongoing cost.

5.1.3 MONTH END CLOSING

Before GO-Live month end was done at various systems like D7i, MFG Pro, BO and ABACUS. After the closing process is executed in those systems, the results were further consolidated at the Head Office level. It was a very time consuming process which required heavy manual work. With SAP, UBL is moving towards an integrated closing process which is fully integrated and information flow comes from various modules i.e., Sales & Distribution, Material Management, Production Planning, Financial Accounting etc.

KEY CHANGES:

Previously, month end closing was the combination of various systems i.e., they extracted initial data from ERP and calculate / allocate it on spreadsheet and then upload file in ABACUS. ABACUS further allocated the data into his system. Then it was manually reconciled and reviewed. But in SAP, data required for Month End Closing, is recorded into the system on daily basis. This replaced D7i, MFG Pro, Abacus and BO applications which were used for closing activities.

BENEFITS:

The main benefit that UBL gets from this system is it reduces the amount of time and effort for completing the Month End Closing. As this system replaced all other systems so that it also reduces the IT cost and makes the data more accurate.

5.1.4 FULL VALUE CHAIN REPORTING

Before Go-Live, there was no full value chain report available into the system because UBL made separate report for each part of the total value chain. With SAP, UBL can generate Sourcing Unit (SU) report (SU is related with Supply Chain Cost) & Marketing and Sales Organization (MSO) report (MSO report is related with customer oriented cost).

KEY CHANGES:

Now reporting has to done in two streams i.e., SU and MS.

BENEFITS:

Those two reports help them to control and monitor the supply chain cost as well cost related to Marketing and Sales Organization.

5.1.5 FIXED ASSETS CAPITALIZATION

Before Go-Live, they capitalized fixed assets on quarterly basis. Now they will move to monthly capitalization of fixed assets.

KEY CHANGES

Fixed Assets were being capitalized on a quarterly basis by UBL. There was no depreciation charge for assets in the quarter. Post Go-Live assets are capitalized on monthly bases.

BENEFITS:

It improves to track down, monitor and control the expenses that incurred for Fixed Assets as it is now capitalized on monthly basis.

5.1.6 PRODUCT COSTING

Previously, UBL Product costing was based on Standard RMPM (Raw Material and Process Material) and actual overhead cost and did this process on monthly basis. But now the Standard RMPM costing is updated quarterly and actual costing is updated monthly.

KEY CHANGES:

Now UBL has to handle two processes together i.e. standard cost and actual cost. Each of those two processes, they have to do several steps. And that information will go to the SU report.

BENEFITS:

The variation calculation will be simplified as now they are updated RMPM Cost in quarterly basis. Data accuracy will also improve.

5.1.7 STANDARD CHART OF ACCOUNTS (SCOA+)

Previously they used SCOA. Now they are using SCOA+.

KEY CHANGES

UBL shifts from SCOA structure to SCOA+ and replace the CRG (Cost Reporting Groups where different department shared their own departmental cost) based accounting with Cost Centre Accounting.

BENEFITS:

Pervious SCOA structure was more complicated than current SCOA+ structure. And this is currently used by all other countries where U2K2 Project has implemented. As the main SAP of implementing to make the total business of Unilever in a single line, this will help not only the UBL but also other countries' Unilever to track down different accounts easily and quickly.

5.1.8 COST CENTRE HIERARCHY

Old Cost centers were not hierarchy based. In the SAP the cost center is in hierarchy based where each and every category has a particular code.

KEY CHANGES:

The old structure is replaced by Cost Centre Accounting which is comprised of 7 digits code as compared to the previous 4 digits code.

BENEFITS:

It helps to identify cost of each category. Thus UBL can access at the lowest level of the category to monitor and control the cost.

5.1.9 COLLECTION PROCESS

Previously they used pre signed cheque book from customers. Now customer deposits the cheque based on customer statement sent to him.

KEY CHANGES

A significant change was involved the shifting of Pre-Signed Cheque Books (PSC) Customers to the new direct deposit arrangement. Now Customers receives their daily statement via e-mail, which is signify the amount outstanding after accounting for all the Sales Orders, Approved Credit Notes and any previous outstanding balance and this is sent by SAP automatically. This amount has to be deposited by the customer in a designated bank account of Unilever on a timely basis.

Benefits:

It improves the cash flow of the UBL and speed up the total process. It also improves the accuracy level and saves time.

5.1.10 PROFITABILITY ANALYSIS

Previously UBL was using ABACUS (for actual data) and Matrix (actual + forecast data) as a database to store the company results and performance related to the Profit and Loss Account. All the information and data was uploaded into Abacus and Matrix at month end from the ERP named MFG PRO. Now the Profitability Analysis (PA) module is used in a very specific way with several levels of assessment (products, customers, orders, company codes, Profit Centers etc). All the actual values from the different modules are now come to the PA module on a real time.

KEY CHANGES:

Abacus and Matrix is being replaced by the SAP module.

BENEFITS:

As the data come from different modules into the PA module, it can be analyzed by various dimensions such as product, market, customers, service or channel. It also helps to monitor and manage the costs and pricing. UBL is also able to identify and understand issues quickly by using this module. UBL is able to do “what-if” and scenario based analysis in this Module.



Chapter-6

Findings, Recommendation and Conclusion



6.1 FINDINGS

- ⤴ The most important benefit that UBL gets from this software is integration. It integrates the total business of UBL as each function of the organization has to give their entry into one business system.
- ⤴ By using SAP, UBL can advance their accounts payable, accounts receivables and Month end Closing process because the responsible personals of those accounts need to update in real time. Thus it improves discipline of operator to input transaction on time which is the most important thing for any finance department's employee. And it helps to reduce the time period required for doing Month end Closing and makes it more accurate.
- ⤴ SAP improves the controlling and monitoring of financial process of UBL because all the data are now available into system and it is transparent and easy to access data/information when needed.
- ⤴ Reduce the cost of billing because it is automated and bill sends to the receiver via internet. Thus, it improves the service of suppliers and UBL can easily evaluate suppliers and customers by judging their delivery and payment schedule.
- ⤴ It increases the speed of data reporting across function and provides more detailed information and structured data. So that it helps to improve the accuracy on planning, forecasting and decision making.
- ⤴ SAP requires high level of understanding regarding its all applications. If anyone does not acquire that level of understanding that time it will be very difficult for him/her do this work in SAP.
- ⤴ SAP is interdependent software in which each department needs to give entry. If mistake done in one end, it has a great impact in total process.

6.2 RECOMMENDATION

SAP is an interdependent system. Unlike the legacy system, this is dependent on other departments. In simple mistake in other end has a great impact on finance. Though SAP is a sophisticated and right software, it at most benefits depends upon discipline and proper understanding. In order to maximize the benefits of the business, UBL should ensure users have proper understanding, adequate authorization and sound knowledge in their respective business area. In addition management should ensure proper control and validation in the system in order to avoid any wrong posting and surprise during month end closing.

On the other hand, it is a new system implemented in UBL so that there must be various problems arises into the system after post Go-Live. So UBL management should take proper steps to identify those issues and resolve them immediately.

However, it might be very difficult for everyone to get clear understanding regarding SAP in the EUT sessions. Moreover, new employee will also join at UBL. So what UBL can do they can develop course curriculum for individual SAP role and give more training to those people who are not feeling comfortable to work into the software. So that, they can do the work at same speed with their team members.

6.3 CONCLUSION

In conclusion, we can say that, U2K2 Project and SAP bring a new dimension in the operation of the Unilever Bangladesh Limited. Although SAP helps Finance Department of Unilever Bangladesh to improve their collection process, Month end Closing process, monitoring and controlling activities, reduce billing cost and speed up data processing, etc. but it requires high understanding level regarding SAP application and great discipline among the employee of the Unilever Bangladesh Limited.

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Appendix



List of Abbreviations

ERP	Enterprise Resource Planning
UBL	Unilever Bangladesh Limited
RAC	Regional Action Committee
UPL	Unilever Pakistan Limited
TTT	Train The Trainer
EUT	End User Training
SAP	System Application Product
CIA	Change Impact Assessment
SOP	Sales and Operation Planning
CM	Change Management
Law	Leadership Alignment Workshop
CPL	Country Process Lead
Mfg Pro	Manufacturing Program
SU	Sourcing Unit
MSO	Marketing and Sales Organization
RMPM	Raw Material and Process Material
SCOA	Standard Chart of Accounts
CRG	Cost Reporting Group
PSC	Pre-Signed Cheque
PA	Profitability Analysis

Human Network of the U2K2 Project

