FAURECIA

NANTERRE, FRANCE

Faurecia is one of the world's leading automotive parts suppliers, with sales of €17.5 billion and one in three vehicles globally equipped with its technology. The company is growing aggressively and is focused on the automotive industry megatrends around connected, autonomous, ride-sharing and electrified vehicles. Headquartered in France, the company has 122,000 employees across 300 sites around the world.

BUSINESS CHALLENGES

Faurecia launched a global business shared services organization (GBS) in 2017 to transform and industrialize its administrative processes. The GBS includes the support functions of finance, purchase administration, sales administration and HR payroll. Faurecia wanted to boost efficiency, drive down costs, strengthen internal controls and compliance, and move away from cross-country silos.

Faurecia has implemented an integrated ERP system across almost all of its sites and this major restructuring initiative, aimed at converting 25 IT shared services to five regional platforms, provided an opportunity for further automation. The objective was simple: automate manual tasks and achieve end-to-end process automation.

By mid-2019 more than 1,100 professionals worked for the GBS across five regional delivery centers across the globe, covering the four end-to-end processes of procure to pay, order to cash, record to report and hire to retire.

BUSINESS OBJECTIVES

- Faurecia decided to implement a global platform for finance automation to support its continuing transformation journey. The objective was to use automation as a key enabler for GBS transformation across Faurecia's high-volume businesses – supporting rapid roll out, process standardization and its desire to constantly improve SAP utilization across all countries.

- Faurecia selected Redwood to support its transformation due to its expertise and experience in automating structured back-office processes involving SAP ERP and other key enterprise applications.

  The finance automation implementation commenced with the manual journal entry process. This area was chosen because of its
- high impact on the financial closing process. Manual journal entries are complex within Faurecia and comprise 20 steps, including validation rules with SAP, workflows, final posting, archiving and audit trails.
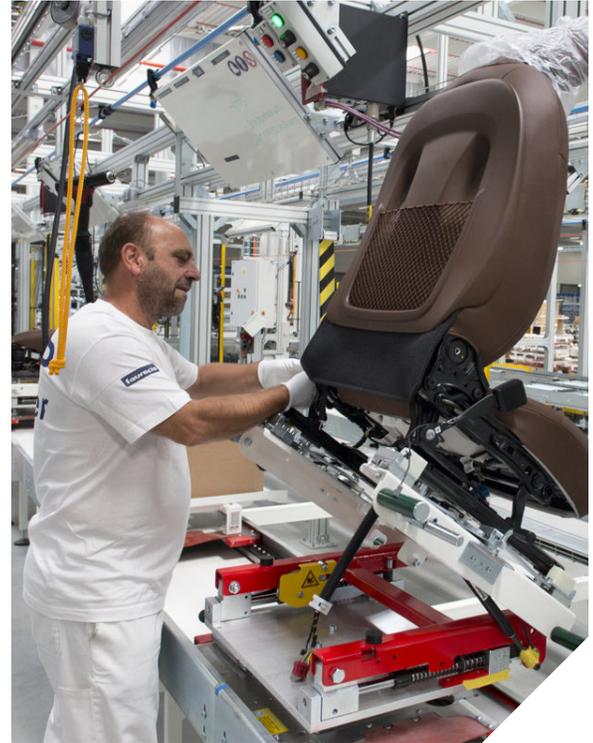
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RESULTS

With Redwood, Faurecia was able to successfully automate 32,000 global manual journal entries per month and onboard 1,300 end users from both the controlling and GBS teams. Of the journal entry processes, 80% are now fully automated, leaving only human review and approvals tasks as the manual workload.

The implementation took less than six months to design, build and integrate. The benefits include simplification, real level-six operational process standardization to support organizational transformation, improvement and simplification of ERP processes, and the elimination of non-value-added tasks. Further benefits for Faurecia are a comprehensive audit trail and improved compliance. As a result, Faurecia managed to significantly reduce the controllers' workloads so they can accelerate financial closing.
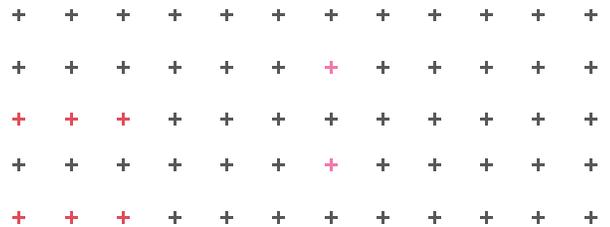
Faurecia is now continuing its automation of record to report, procure to pay and order to cash processes, and the company has since automated its intercompany reconciliation and balance sheet review process. Redwood reconciles the balances and transactions, with accruals for exceptions raised and posted automatically. Additionally, for key ICO service charges Faurecia has eliminated the need to reconcile entirely by incorporating intercompany agreement, which then automatically generates and posts the opposite charges directly into the counterparty's books.

LESSONS

- Get alignment and buy-in from the IT organization and manage the development as a real transformation project.

- Bring the right process experts, from the operational teams, to design 'real' operational automated processes.

- Think creatively and don't seek to merely replicate manual activities.

- Take the opportunity to simplify even if it takes more time at the outset – the benefits are significant.

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