

Gardner Denver

Gardner Denver, Inc., is a leading worldwide manufacturer of highly engineered products, including compressors, liquid ring pumps and blowers for various industrial, medical, environmental, transportation and process applications; pumps used in the petroleum and industrial market segments; and other fluid transfer equipment, such as loading arms and dry break couplers, serving chemical, petroleum and food industries.

With a slow recovery from the economic downturn, manufacturers in the United States have continuously searched for innovative, effective ways to control costs and maximize the management of cash flow. While internal process improvements can lead to a great deal of operational efficiency, automation technology offers an additional capacity to optimize those processes beyond the capabilities of mere reorganization.

Gardner Denver has a company-wide Lean culture in place that promotes a mentality for continuous improvement. The leadership team proactively seeks technologies that enable the company to streamline processes, achieve greater accuracy and velocity, and minimize labor and processing costs.

Selecting the right technology

Because Gardner Denver was processing a considerable volume of invoices, it saw an opportunity to streamline the process by converting paper invoices into easily transmitted digital data at the front end. The organization decided to evaluate automation solutions and ultimately selected Perceptive Intelligent Capture from Lexmark.

"We did a value stream mapping on our accounts payable process and found that there was a lot of waste in the process. We knew we needed technology to help reduce some of that waste, so we began looking at a dozen different vendors that could possibly fill that need, with respect to OCR and an automated workflow solution, and we chose Perceptive because of the technology," says Lynne Degand, Gardner Denver's director of manufacturing accounting and domestic shared services.

"It was not necessary to have templates, and that was one of the things that caught our attention. We'd be able to get immediate results right out of the box, rather than having to wait month after month, adding templates for each of the vendors," Degand says.

A manual process that relied on paper, including the need to function at full capacity to minimize backlogs, created a number of challenges for maintaining visibility and efficient organizational protocols.



Meet Gardner Denver

The opportunity

Inefficiencies created an invoice processing backlog and paper-based, manual steps drove down productivity. Company-wide Lean principles were applied to AP.

The outcome

Cost per invoice dropped 23 percent in one year, while nearly 50 percent of invoices are now processed automatically in a streamlined, highly visible AP process.

Products in use: Perceptive Intelligent Capture

Integration: SAP

Implemented In: Accounts Payable



"In the old days, we would have a drawer full of invoices. A clerk would try to enter the invoice; there would be something that stopped them from entering the invoice, and it would go back in the drawer. Then they would send out an email requesting more information, followed by waiting. Then they would try again, and if it still didn't work, it would go back in the drawer," says Degand.

With Intelligent Capture, the problem was solved. "We got all the paper out of the drawers, so we have visibility now with all the invoices we have received. We process invoices daily; we get the new mail in the morning, it gets scanned in and everything is accounted for," Degand says. "When vendors email their invoices to us, it automatically strips those invoices off that email so that it can go touchless. We don't have to print it out and scan it in, so it saves us those steps."

The benefits of straight-through-processing

As a result of implementing Perceptive Intelligent Capture the Gardner Denver operation is running far more efficiently than ever before, and a considerable portion of their invoices are being processed with no human intervention.

"(With PO-based invoices), either we'll receive invoices in an email, which are stripped off and sent through the process to SAP, or they are scanned and sent through the process and then to SAP."

Straight-through processing means the invoice does not have to be touched or reviewed by AP staff. When the invoice is perfectly read by Intelligent Capture, the only thing they have to do is open up the mail. There is no need to verify any of the data in Perceptive or SAP.

"I've been very happy with the solution; it exceeded our expectations, as far as savings. We were fully using the system in 2010, and the cost per invoice in 2010 was 23 percent less than in 2009 by eliminating a lot of that waste in the system," says Degand. "Approximately 50 percent of our invoices go through untouched now. Our intention is to increase business and continually improve, bringing in more business without adding any additional headcount, and keep improving our percentage of straight-through processing."

Gardner Denver's invoice processing costs have fallen below recognized best-in-class levels, as recognized by the Hackett Group. Their invoice backlog—those waiting to be processed at any given time—has been reduced by 35 percent year over year, and continues to shrink.

Furthermore, Intelligent Capture tracks the number of invoices processed (by each payables clerk and in total), rates of straight-through processing, invoices awaiting approval, and parked or blocked invoices—enabling management to post progress reports for the department to view.

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