



THOMASVILLE FURNITURE

TRANSFORMING THE COMPANY WITH HELP FROM SAP® BEST PRACTICES

QUICK FACTS

Industries

Wholesale distribution, retail

Revenue

US\$2.1 billion (parent company)

Employees

11,900 (parent company)

Headquarters

Thomasville, North Carolina

Web Site

www.thomasville.com

SAP® Solution and Services

SAP® ERP application

Thomasville Furniture Industries needed an integrated business system to eliminate redundant business processes and improve visibility of information enterprise-wide. It began replacing legacy systems with SAP® applications, taking advantage of the SAP Best Practices packages. Adhering closely to best practices for business processes, Thomasville gained higher operational efficiency while empowering a small internal team to provide cost-effective IT support and quickly perform software upgrades.

Key Challenges

- Unify and integrate business processes
- Increase efficiency throughout the organization
- Reduce human error
- Minimize cost of providing IT support, developing applications, and performing software upgrades

Implementation Best Practices

- Adhered closely to best practices supported by SAP
- Obtained strong support at the executive level
- Employed SAP tools for all customization, which was kept to a minimum
- Drove change management discipline from the top down
- Used standard SAP reports wherever possible

Financial and Strategic Benefits

- Structured and automated many inventory management, purchasing, and financial processes
- Equipped accounting staff to accomplish much more with fewer resources
- Provided full profit-and-loss visibility down to the individual store level
- Improved corporate flexibility and adaptability to change
- Provided full supply chain visibility
- Provided flexible access controls for achieving compliance with the Sarbanes-Oxley Act

Why SAP Was Selected

- Availability of SAP® Best Practices packages
- Integration across business areas
- Ability to enforce discipline in the way transactions are executed
- SAP's financial stability and market leadership
- SAP software's robustness

Low Total Cost of Ownership

- Started decommissioning legacy systems
- Minimized cost of ongoing support, application development, and upgrades
- Avoided the recurrent maintenance costs of customizations
- Performed all upgrades internally in as little as 2 months
- Fully leveraged SAP software functionality, avoiding the high cost of 3rd-party tools

Operational Benefits

Key Performance Indicator	Impact
Raw material inventory	-34%
Work-in-progress inventory	-30%
Inventory accuracy	98% to 100%
Purchase requisition to order time	-98%
PO pricing and accounting errors	-20%
Period-end closing time	-57%

Thomasville®

“If you do not adhere to best practices supported by SAP, you’re not taking advantage of the most important reason for choosing SAP ERP.”

Ram Angara, IT Director, Thomasville Furniture Industries

www.sap.com/contactsap

Now more than 100 years old, Thomasville Furniture Industries provides people across the United States and in 30 other countries with beautiful, high-quality home furnishings, accessories, and cabinetry.

Thomasville selected SAP® applications to run its business for all the right reasons and continues to exploit their unique advantages to keep operations efficient, empower business users, and minimize IT support. From finance to warehouse management to supplier collaboration, the company’s employees operate on a single integrated platform that synchronizes their activities and minimizes human error. In IT the benefits are just as strong, allowing a small but highly skilled team to support fast-changing business activities, implement business-critical initiatives quickly based on SAP software, and perform upgrades with only internal resources – at a fraction of the effort most firms require.

SAP Best Practices – The Overriding Reason to Choose SAP

Realizing that it could not achieve its growth goals with its disconnected legacy systems, Thomasville decided to replace them in a phased manner and had little difficulty choosing SAP software as its new platform. “When a company chooses one application over another, often it’s because of a particular functionality difference or some other small thing,” explains Terry Bargy, CIO and VP at Thomasville. “In enterprise resource planning there are

major differences between SAP and other vendors and a huge reason to choose SAP – namely, SAP Best Practices packages and the company-wide integration that’s achievable by taking advantage of them.” Ram Angara, IT director, agrees, “If you adopt the best practices fully and adhere to them in your business processes, you’ll introduce discipline throughout the organization that pays off in many ways. With any business software suite, it’s easy for one department to get out of sync with others, creating non-value added tasks like reconciliation. It also makes the system inflexible, defeating the very purpose of migrating from legacy systems.”

Thomasville’s allegiance to SAP Best Practices has allowed its IT team to perform three smooth upgrades to new releases of SAP software over the last few years with no need for external assistance. The most recent, an upgrade to the latest release of the SAP ERP application, took just two months, and the team completed the cutover 24 hours ahead of schedule. “It wouldn’t have been possible without our adherence to SAP Best Practices packages,” says Angara. “We’d have had to revisit every customization in the software, and the scope of the project would have mushroomed.”

The team has also developed custom applications using its tool set from SAP, notably mobile transactions in warehouse management and a supplier portal that

allows real-time communication between vendors and purchasing. Accounts payable, inventory management, and purchasing used to be error-prone manual processes. But now, by modeling these processes on best practices supported by SAP, Thomasville reduced its inventories while increasing accuracy to nearly 100%. “If you follow best practices supported by SAP, opportunities to make errors diminish greatly; in fact, often there’s only one way to do things – the right way,” says Angara. “And if you do make a mistake in an upstream process, a user in the downstream process usually detects it right away. We used to have pricing and account errors in our purchase orders, for example, but now receiving or accounting catches them almost immediately, and the automatic three-way match in accounts payable ensures correct financial postings in the general ledger. The other by-product of this best-practices philosophy is our ability to quickly implement IT controls to comply with Sarbanes-Oxley regulations.”

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