WELLBORN CABINET

AT A GLANCE

Industry	Mill products
Revenue	US$250 million
Employees	1,800
Location	Ashland, Alabama
Web Site	www.wellborn.com
SAP® Solutions & Services	SAP for Mill Products solution portfolio, including the SAP® ERP application and the SAP Business Information Warehouse component, now the SAP NetWeaver® Business Intelligence component
Implementation Partner	Hitachi Consulting

Wellborn Cabinet Inc. manufactures and markets high-quality, semicustom wooden cabinets and drawers for kitchens and bathrooms. Products are sold through a dealer network of specialty shops as well as online. The family-owned business, established in 1961, encompasses more than 2 million square feet that produce more than 300,000 production orders per month. Wellborn also operates its own timber-processing mill and trucking fleet.

Key Challenges

- Expand product line to keep pace with consumer tastes
- Maintain short lead times and high delivery accuracy
- Track orders throughout the complete purchase-to-delivery cycle
- Pinpoint causes of monthly variances
- Analyze product costs in detail
- Provide customers with an online ordering channel

Why SAP Was Selected

- Commitment to the mill products industry and continued investment in it
- Functionality for easily creating product configurations
- Support for product-line growth
- Functionality for tracking progress of orders at all stages
- Analysis and reporting strengths
- Ability to provide visibility into detailed cost data

Implementation Best Practices

- Senior executive support and involvement
- Strong focus on end-user training
- Risk avoidance approach
- Emphasis on creating clean, consistent master data
- Inclusion of business process experts

Low Total Cost of Ownership

- Eliminated several legacy systems
- Used SAP® Best Practices offerings wherever possible
- Kept customization to a minimum
- Used other vendors' applications only for purposes not supported by SAP software

Financial and Strategic Benefits

- Equipped business to release 4 to 5 products yearly
- Shortened and improved engineering processes
- Attained view of progress against production plan
- Provided real-time reports to customers and reps
- Increased online orders from 0 to 65% of total
- Introduced powerful analysis functionality for sales
- Improved tracking of project costs and budgets
- Sped up order-to-cash and plan-to-produce processes
- Implemented strong new financial analysis tools

Operational Benefits

Key Performance Indicator	Impact
Bill of material (BOM) accuracy	98%–99%
Number of BOMs that need to be maintained	–90%
Number of material master specialists required	–58%
Time to perform year-end inventory	–43%
Order-processing accuracy	99.3%
Production throughput	+20%
Time to close the books	–75%
Delivery accuracy	+60%
Product planning cycle time	–50%

> "We can roll out four to five new products per year, whereas most companies in our industry can only do one. That's huge."
>
> Stanley Ezzell, Vice President of Strategic Initiatives, Wellborn Cabinet Inc.

> "Our company now has one customer master database. Prior to SAP software, each department had its own and they were never the same."
>
> Stanley Ezzell, Vice President of Strategic Initiatives, Wellborn Cabinet Inc.

Bill of Material Maintenance Stifles Growth

Since Wellborn Cabinet Inc. controls nearly all the resources needed to deliver fine cabinetry — even generating its own power from sawdust — it is little wonder that the firm has a reputation for product excellence and for one of the industry's fastest lead times. Keeping tight delivery commitments while expanding its product line to cover ever-broadening consumer tastes, however, posed a challenge for Wellborn.

The rapidly growing semicustom segment of the industry imposed especially tough demands, especially with all the limitations that legacy business software imposed on operations. Every item that Wellborn provided had a unique bill of material (BOM). As the product line swelled, the number of BOMs grew to more than 700,000. Since each one had to be checked whenever a new product, door style, finish, or option was added, the labor-intensive BOM maintenance process became very expensive and error-prone. Worse, it severely restricted Wellborn's ability to launch new product lines quickly.

The rest of the company suffered from limitations of the legacy software as well. Finance was poorly equipped to analyze product costs and explain monthly variances. To make the right business decisions, executives needed better data on sales, programs, and products. Wellborn also wanted to provide customers with the ability to configure and order their cabinetry online, which would serve them better, save the firm substantial costs, and improve accuracy.

SAP® Software Unclogs and Streamlines Operations

Wellborn management was aware that accomplishing these goals would require replacing the legacy software. In the SAP for Mill Products solution portfolio, the firm found the powerful, integrated application suite that spanned the organization's

needs and — best of all — was tailored for the specific requirements of the mill products industry. Wellborn found the variant configurator functionality of the suite especially valuable. By allowing Wellborn to set up and present all possible choices a customer can make without requiring a BOM for each one, this functionality allowed the firm to cut the number of BOMs by nearly 90%. It also formed the basis for Wellborn's new e-commerce capability, which has proven so popular that 65% of all orders are now placed online. Customers not only enjoy a highly productive cabinet configuration environment but feel confident in the accuracy and deliverability of their orders. By unclogging the BOM maintenance process, the SAP® software allowed the firm to develop and release four or five new product lines annually — a key competitive advantage in an industry where one per year is the norm.

The SAP Business Information Warehouse component (now the SAP NetWeaver® Business Intelligence component) has become another indispensable tool, allowing analysts to follow product trends and closely track sales. Since reports are updated in real time, employees and customers are assured of accurate information.

The SAP applications have had a similar impact throughout the Wellborn organization. Finance can drill down to resolve production variances, analyze product costs, and accurately track costs against budgets. Customer service processes orders more accurately and keeps customers better informed. The time to perform year-end inventory is down by nearly half, and electronic data interchange is supported for the first time. Order-to-cash processes are faster, as are plan-to-produce activities. In short, Wellborn completely transformed its operations with SAP for Mill Products.

THE BEST-RUN BUSINESSES RUN SAP™