

## SAP Customer Success Story Manufacturing



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Dennis Morrell, IT Program Manager, Kohler Co.

### AT A GLANCE

#### Summary

Kohler Co. is a worldwide leader in the manufacture of kitchen and bath products, engines and power generation systems, home interiors, and hospitality services. The company needed a low-cost, powerful business solution for two plants in Asia – and found the answer in the SAP® Business One solution.

#### Web Site

[www.kohler.com](http://www.kohler.com)

#### Key Challenges

- Meet the dynamic business needs of the company's smaller operations
- Enable integration with Kohler's existing SAP software and ensure long-term flexibility

#### Project Objective

Introduce a powerful but cost-effective business solution in 2 new manufacturing plants in Asia

#### Solutions and Services

SAP Business One

#### Why SAP Solution

- Rich functionality
- Straightforward integration with Kohler's other SAP solutions
- Easy to implement, use, and customize

#### Implementation Highlight

- Eight weeks total implementation time, including testing in 2 languages
- Small implementation team
- Minimal training requirements
- Two instances of SAP Business One (1 for each plant) on a single server
- Twenty active users, with plans to expand to 65

#### Key Benefits

- Dramatic savings over full enterprise resource planning (ERP) system implementation and maintenance costs
- Integration with other corporate business systems
- Limited IT support requirements (fewer than 1 person ongoing)
- Ideal for smaller locations, thanks to software's flexibility
- Ability to use same solution across geographical regions

#### Implementation Partner

et alia LLC

#### Existing Environment

SAP R/3® software, now available in the mySAP™ ERP solution

#### Database

Microsoft SQL Server 2000 Service Pack 3

#### Hardware

HP DL 380

#### Operating System

Microsoft Windows 2000

## KOHLER CO.

### SAP® Business One Affordably Delivers Power and Simplicity to Global Manufacturing Operations

#### Looking Beyond Traditional Choices

Even experienced global manufacturers sometimes need to look beyond their traditional choices to find the right business system. As a worldwide leader in the manufacture of kitchen and bath products, engines and power generation systems, home interiors, and hospitality services, Kohler Co. also is a long-standing SAP customer. The company has operations worldwide, and most plants in North American and Europe use SAP® solutions. But when Kohler established two smaller manufacturing facilities in Asia, a full-blown implementation of the SAP software for enterprise resource planning (ERP) seemed unnecessary.

Although the company needed to integrate the new manufacturing operations into its existing SAP environment, the mySAP™ ERP software solution was more than these plants required. Instead, Kohler chose the SAP Business One solution for the two plants. SAP Business One provided a flexible, SAP-centric business system that the company could adapt to meet dynamic business needs – yet it would integrate easily with Kohler's other operations around the world. SAP Business One provided a low-cost, powerful, and simple solution to Kohler's Asian manufacturing operations.

#### Flexibility for Growth, Integration Throughout

Founded in 1873 and headquartered in Kohler, Wis., Kohler Co. is one of the oldest and largest privately held companies in the United States. The company has production and warehousing facilities around the globe.

The two plants in Asia were smaller than most of Kohler's other facilities. But company executives recognized that dynamic business conditions meant that the plants would likely change significantly in terms of production lines, volumes, and customers in the short term. "These plants were a new undertaking for us," explains Dennis Morrell, IT program manager for Kohler. "We were building these operations from the ground up, and we knew we could expect many changes over time. To support that, we needed a solution that could offer flexibility."

Kohler was not new to manufacturing in Asia, however. In several other company facilities, Kohler was running discrete legacy systems. To maximize efficiencies, the company wanted to integrate all of its Asian operations, replacing the legacy systems with SAP software. "We knew this would help us achieve greater functionality and also simplify integration with our other SAP solutions," he adds.

As construction of the Asian facilities proceeded, Kohler had to select the solution that it would use to control manufacturing and other operations. A long-time user of SAP software, Kohler was certain that an enterprise-class implementation was more than the new plants required. "It simply did not make sense," says Morrell. "We didn't need that level of functionality, and the cost of a full solution from all of the vendors we considered was too high. We needed a solution that would deliver the appropriate level of service, be flexible enough to change with the business, and do so at a reasonable cost." Kohler executives also knew they wanted a solution that would be quick and easy to implement, so that the business systems were ready when the facilities were complete.

### **Rich Functionality, Simple Modifications**

Although Kohler had other operations in the region, these new manufacturing plants were particularly challenging, because they were being developed from the ground up. For this reason, Kohler was especially careful in evaluating potential solutions, since distance and the lack of local IT staff made recovering from missteps that much more difficult. Selecting an appropriate solution proved easier than expected, however; the company found what it was looking for when Kohler personnel witnessed a demonstration of SAP Business One at the SAP SAPHIRE® conference.

"We were impressed by SAP Business One's rich functionality," says Morrell. "And having an SAP solution immediately relieved any integration concerns."

Kohler's only real questions about SAP Business One were quickly remedied by SAP. When the company first considered the solution, no version was available in the native language where the plants were located. SAP delivered that version, which was already in development, shortly thereafter.

A second concern was the absence of a specific materials resource planning (MRP) functionality. Kohler uses MRP in many of its facilities, and company executives wondered whether the two

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plants would be able to operate efficiently with no distinct MRP capabilities. Although SAP had committed to providing MRP functionality in a future release, Kohler required minimal functionality to handle products with long lead times.

SAP experts worked with Kohler to add fields and processes to SAP Business One that would provide Kohler with the required manufacturing activities. "The ease with which we were able to modify the system to meet our specific needs in that area not only convinced us that the system would work for us but also impressed us and raised our level of confidence even higher," says Morrell. "While we haven't been running that long, the solution is performing very well."

### **Rapid, Trouble-Free Implementation**

The solution was implemented in just eight weeks, including testing in both English and the native language where the plants were located. “Our process included development, testing, and production systems,” says Morrell. “We approached our SAP Business One implementation as if it was a full ERP system.”

Supported by implementation partner et alia, Kohler personnel in the United States began customizing the system for the plants in Asia; shortly thereafter, the company took the solution to Asia to train a small number of system users. When the plants began manufacturing operations, SAP Business One was up and running.

Kohler was especially pleased with the simplicity of training for the SAP solution. “Training was easier than we expected, both because the system is easy to use and also because it takes fewer people to run the system than anticipated,” says Morrell. “We were surprised that we only had to make a few trips with a limited number of people to get the system running.”

### **Real Business Value**

Although Kohler has only recently completed its implementation of SAP Business One, the company expects to generate significant business value over time. Already, the company has realized significant cost savings over more expensive solutions. “When you compare the functionality provided by SAP Business One with its total cost, the solution has been very cost-effective,” says Morrell. “We have the appropriate solution for our needs at an affordable cost, with the added benefit of significant flexibility to meet our changing business needs in these facilities.”

With many small and midsize solutions deployed overseas, the demands of training and transporting personnel can rapidly offset any savings realized from the solution. With SAP Business One, however, Kohler minimized its ongoing operational costs and personnel requirements. The solution proved to be simple to deploy, easy to modify, and cost-effective in terms of ongoing personnel requirements. Today, Kohler runs a single instance of SAP Business One for both manufacturing locations; the company needs less than one full-time employee to support its day-to-day operations.

### **Supporting Kohler's Business Success**

The success of the SAP Business One deployment has encouraged Kohler to plan future deployments of the solution for its other operations where a full-blown ERP system is not required. The company is eager to replace the legacy systems running in other regional facilities with a more effective solution. Kohler is also hoping to eventually integrate all of its operations worldwide; the company sees SAP Business One as the key to delivering the required functionality to remote operations while providing an easy path to integration with its other SAP solutions.

Kohler also plans to upgrade to the latest version of SAP Business One, which includes extensive MRP capabilities. The newest version of the solution will enhance Kohler's oversight and control of its business operations. With the availability of an MRP wizard, the solution will help Kohler improve materials management planning and define planning scenarios. Especially important in overseas operations, the upgrade will allow for the inclusion of holidays in all aspects of planning; this capability can help the company more effectively manage operations in locations with local and regional holidays.

“While we are happy with the performance of the system and the changes we made to handle our material resources, we are looking forward to deploying the newer version of SAP Business One with its specific MRP capabilities,” says Morrell. “We are especially interested in the manufacturing reports, which will help us gain visibility into our profitability analysis and other key business metrics.”

With positive results already on the books and plans for upgrades and additional implementations, Kohler is clearly pleased with the SAP Business One solution. “The SAP Business One solution has been a positive experience for us, from implementation to operation,” says Morrell. “From a company point of view, we see it as a success. The system does what we want it to do, and it does it very well.”

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