

## INTERACTIVE SESSION MANAGEMENT

### Sauder Woodworking Gets ERP Implementation Right

Sauder Woodworking is North America's leading producer of ready-to-assemble furniture, and one of the top five U.S. residential furniture manufacturers. 90 percent of Sauder furniture is manufactured in Archbold, Ohio, where the company was founded in 1934. (Sauder also sources furniture from a network of global suppliers.) Its Ohio facility has 4-million-square-foot floor space housing high-tech furniture-making equipment from around the world and 2,000 employees. The company offers nearly 50 furniture collections. Furniture-making requires skilled design, artistry, and attention to detail, and Sauder has historically excelled in these areas.

Sauder started using SAP ERP Central Component (ECC) software for enterprise resource planning (ERP) in 2004. ECC provides modules covering a full range of industry applications, including finance, logistics, HR, product planning, and customer service, linked together into a single, customizable system run on a database of the user's choice. As a modular system, SAP ECC is designed so that organizations can use the pieces they need, configured in a way that makes sense for their business. Sauder used a phased implementation approach, starting with the modules for order-to-cash (business processes for receiving and processing customer orders). Sauder finished implementing all the main SAP ECC modules by 2015.

By that time, SAP had released SAP S/4HANA, a more leading-edge version of its ERP system that features in-memory computing (see Chapter 6). Sauder management had to decide whether to optimize the SAP modules it had already implemented on premises or whether to switch to S/4HANA to take advantage of its new functionality. Switching to the newest version of SAP ERP software would require more work than sticking with Sauder's existing system. Management opted for an on-premises version of SAP S/4HANA so that it could implement the new S/4HANA suite on its own timeline rather than wait and then be pressured to change software when SAP withdrew support for the older ECC system.

Another decision was whether to go greenfield (a completely new implementation) or brownfield (converting the existing system to the new one). A greenfield implementation would require installing

a clean installation of the ERP system, then importing all the relevant data. A brownfield implementation would entail converting the existing system to the new one, using the data from the ECC system. Sauder opted for the brownfield approach. A key factor in the decision to go brownfield was the number of employees (2,000) who would be impacted by having to deal with an entirely new system. They might have trouble learning the system or resist working with the system because it was so unfamiliar. Sauder didn't want to have to deal with a lot of change management.

Sauder was quite familiar with SAP software, which was the company's business processing engine. Sauder's SAP system supported over 1,600 users conducting business transactions with the software, including those for finance, supply chain management, and shop floor interactions with SAP. In 2018, Sauder's SAP system processed 1,624,169 shipments, 1,661,225 sales orders, 14,438,089 warehouse moves, 894,664 production receipts, and 1,624,684 invoices.

There were challenges: To minimize business disruptions, management wanted the SAP ECC system converted to SAP S/4HANA within 72 hours, a very narrow time frame for a project of this scope. There was no room for error. At the same time Sauder began transitioning to SAP S/4HANA, it also made major changes to its IT infrastructure. The company migrated off legacy IBM iSeries systems to a new platform based on Dell servers and storage area networks (SANs) in a VMware virtual environment (see Chapter 5). A SAN is a network of storage devices that can be accessed by multiple servers or computers, providing a shared pool of storage space. Sauder's IT staff had to learn how to support these new technologies, but was fortunately assisted by Symmetry consultants. Symmetry helps firms manage complex SAP implementations on a global scale. Symmetry had provided services to Sauder for over 12 years, and understood the nature of its business and technology environment.

The system was successfully converted within the 72-hour downtime window, including conversion of the production planning and detailed scheduling functionality of the SAP® Advanced Planning and Optimization component within SAP S/4HANA.

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