THE WOLF ORGANIZATION

CONSTRUCTING A BETTER FORECASTING MODEL WITH SAP® SEM®

QUICK FACTS

Industry
Wholesale distribution – building materials

Revenue
Over US$200 million

Employees
225

Headquarters
York, Pennsylvania

Web Site
www.wolforg.net

SAP® Solutions and Services
SAP® ERP and SAP Strategic Enterprise Management (SAP SEM®) applications and SAP NetWeaver® Portal component

Implementation Partner
SAP Consulting

The Wolf Organization Inc.'s growth from a small lumber store into a full-service enterprise is based on close customer relationships and productive operations. As competitors threatened, Wolf built an enterprise resource planning platform for growth, efficiency, and productivity. It worked with key customers to expand its capabilities and erected barriers to competitors. In 10 years, Wolf doubled revenues and positioned itself for expansion.

Key Challenges

- Increase real-time data flow
- Create more data-driven forecasts
- Generate timely budget-to-actual reports
- Increase forecasting and budgeting efficiency
- Boost return on sales with more effective analysis
- Improve pricing, product, and customer segmentation

Why SAP Was Selected

- Long-term partner relationship
- Commitment to industry innovation
- Proven planning and budgeting applications
- Use of portal technology for planning process
- Better functionality to improve forecasting
- Ease of data input and standardization

Implementation Best Practices

- Rigorous project management framework
- Participation of users throughout implementation
- Collaboration with sales and finance staff
- Use of value attainment to verify ROI
- Endorsement of senior management
- 10-week implementation time frame

Low Total Cost of Ownership

- Lower cost of forecasting
- Lower cost of virtual network
- Integration with existing SAP® software
- Few problems with ongoing use

Financial and Strategic Benefits

- More accurate plan-to-actual reporting
- Increased budget visibility and trending
- Enhanced corrective action capability
- 50% reduction in budgeting cycle time
- Improved return on sales
- Greater finance and sales productivity

Operational Benefits

Key Performance Indicator	Impact
Annual planning and forecasting productivity by function:	
Sales	+50%
Finance	+100%
Administrative	+90%

"For the first time in budgeting, I could be more realistic because I had real-time data for each category at my fingertips. This is a great tool for budgeting and will help us manage our territories."

Terry Donahue, Sales Consultant, Wolf Distributing Company

www.sap.com/contactsap

Meeting the Challenges

For 167 years, The Wolf Organization Inc. has grown steadily to become one of the largest building materials suppliers on the East Coast of the United States and now comprises three divisions: The Lumber Yard, Wolf Distributing Company, and Baublitz Advertising. With installations in 13 eastern states, 575 employees, and US$385 million in revenue, Wolf's success is based on long-term customer relationships with professional builders.

Despite a building boom, management recognized critical challenges that could threaten future growth when the boom waned. And as national competitors began to close in, Wolf found it difficult to ensure that the company's sales force was staying close to its customers throughout the 13-state network.

The annual strategic planning, sales forecasting, and budgeting process was antiquated and inefficient. The company had to pull key personnel from the field for several weeks to input data into hundreds of Microsoft Excel spreadsheets, which headquarters staff then had to consolidate. The process was painful, frustrating, and time consuming – and didn't produce the desired results. The planning group found it difficult to align expense budgets to sales revenue, and management could not reconcile data from different operations.

Partnering with SAP

During 2000–2001 Wolf had upgraded to the SAP® ERP application to enable business improvement initiatives, take advantage of greater functionality, and better leverage its portfolio of SAP solutions. When management asked sales and finance executives to evaluate the SAP Strategic Enterprise Management (SAP SEM®) application, they overwhelmingly approved it. They were impressed with the ability to automatically build a budget and forecast in real time, the ease of data input and aggregation, and the increase in data quality.

The implementation reinforced the initial positive impression. Potential users participated throughout the implementation, which was completed in 10 weeks. Wolf's project management process included business users from the beginning and ensured their understanding of the best way to use the application. For example, participants could use the application through the SAP NetWeaver® Portal component. The deployment team participated in all regional sales and financial meetings and conducted hands-on training. Another key to the successful implementation was the up-front development of baselines and change metrics to document ROI to management.

"I was very impressed with the setup and how easy it was to complete," recalls Brian Seymore, outside sales at The Lumber Yard.

Benefiting from Sophisticated Forecasting

With SAP SEM, Wolf created a better sales and forecast process and met customer demand more accurately. Front-end sales consultants in the field worked with back-end financial managers through remote real-time collaboration, eliminating the need for spreadsheets and providing one source of "financial truth." The application helped increase return on sales and improved the company's pricing, product, and customer segmentation strategies.

Wolf cut its annual budgeting cycle time by more than 50% and improved the track record of its trend analysis. Other benefits included better audit tracking, better actual-to-planned results, and increases in finance and sales productivity. As the corollary to improved forecasting, Wolf can identify problems more quickly and solve them in real time.

In partnering with SAP, Wolf has standardized its business processes and continuously improves operational efficiency to provide a solid foundation for future growth.

50 084 023 (10/09) Printed in USA.
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