



# WOLVERINE WORLD WIDE INC.

## SAP BUSINESS TRANSFORMATION STUDY

### AT A GLANCE

<b>Industry</b>	Consumer products – apparel and footwear
<b>Revenue</b>	US\$1.14 billion (2006)
<b>Employees</b>	4,500
<b>Location</b>	Rockford, Michigan
<b>Web Site</b>	www.wolverineworldwide.com
<b>SAP® Solutions &amp; Services</b>	SAP® AFS, now known as the SAP Apparel and Footwear application; SAP ERP application; and the Virsa Compliance Calibrator application

Wolverine World Wide Inc. is a leading global marketer of branded footwear and apparel. The company's portfolio of owned and licensed footwear brands includes Bates, CAT (Caterpillar), Harley-Davidson, Hush Puppies, HyTest, Merrell, Patagonia Footwear, Sebago, and Wolverine. By following its strategic plan for product innovation, brand development, and global expansion, in 2005 Wolverine exceeded US\$1 billion in annual revenues for the first time. This momentum continued in 2006 with sales of 46.5 million pairs of footwear in over 180 countries.

#### Key Challenges

- Limited growth due to functionality of legacy systems
- Time-to-market delays for new products and brands
- Limited capabilities to support global expansion
- Labor-intensive and inconsistent work practices
- Lack of fact-based reporting to support decision making
- Reactive IT response due to complex application landscape

#### Why SAP Was Selected

- Process alignment with SAP® Best Practices for Apparel and Footwear offering
- Industry-specific, scalable application to enable global capabilities for multibrand and multichannel management
- R & D investment in new and improved functionality now exceeding US\$1.2 billion annually
- Industry forums and collaboration with SAP customers
- Demonstrated commitment to Wolverine's success

#### Implementation Best Practices

- Broad executive sponsorship from start through go-live
- Dedicated SAP project team and subject matter experts
- Clearly defined strategy and objectives
- Knowledge transfer to dedicated, full-time business users
- Phased-in approach and controlled scope
- Minimal customization of standard industry solution

#### Low Total Cost of Ownership

- Enabled flexible staffing from in-house and external expertise
- Reduced the number of systems and interfaces
- Centralized core enterprise resource planning functions
- Improved brand agility and time to market
- Reduced IT costs as a percentage of sales below industry average

#### Financial and Strategic Benefits

- Greater scalability to extend brand portfolio
- Global capabilities to expand into new regions and markets
- Ability to rapidly launch new lines of business
- Improved legal and regulatory compliance
- Best-practice process automation across the enterprise
- Consolidation of local operations into shared services

#### Operational Benefits\*

Key Performance Indicator	Impact
Revenue	+60%
Electronic order rate	+68%
Inventory turns	+26%
Time to close books	-75%
Days sales outstanding	-34%

\* Since 1999 implementation of SAP application





**“With SAP we have a flexible foundation for almost limitless growth and expansion, and a true partner willing to invest in our business while helping us achieve best-in-class operational and financial performance.”**

Steve Gulis, Executive Vice President and Chief Financial Officer,  
Wolverine World Wide Inc.

**“SAP functionality enables us to manage global growth. As we break new ground in Merrell apparel, we are confident that SAP will provide the framework needed to manage our growing global business.”**

Jacques Lavertue, President, Outdoor Group, Wolverine World Wide Inc.

### **Wolverine Sets Its Global Footprints with SAP**

Michigan-based Wolverine World Wide Inc. (WWW) is a designer, manufacturer, and marketer of casual shoes and performance outdoor, work, and rugged footwear. Its products are marketed globally under familiar owned and licensed brand names like Bates®, CAT®, Harley-Davidson®, Hush Puppies®, HyTest®, Merrell®, Patagonia Footwear®, Sebago®, and Wolverine®. WWW has 4,500 employees across five operating units. The company has grown rapidly through the execution of a strategic plan based on product innovation, brand development, global expansion, service excellence, and social responsibility.

Since 1999 Wolverine has leveraged SAP® software to expand globally, rapidly integrate new brands, and launch new lines of business. In 2005 WWW sales topped US\$1 billion for the first time, a 60% increase from 1999. Since then, WWW has entered many new international markets and extended its footwear portfolio to include Merrell, Sebago, Harley-Davidson, Caterpillar, and Patagonia Footwear.

### **Wolverine Aligns Processes with Best Practices**

After a brief review of vendors, WWW chose SAP because of SAP's size, commitment to R & D, financial stability, leadership in the enterprise resource planning market space, and its penetration in the consumer products industry. WWW's legacy systems were expensive to operate, complex, and outdated – factors that accelerated the decision process.

WWW also selected SAP because the software allowed WWW to align its business processes by adopting industry-specific best practices supported by SAP AFS, now known as the SAP Apparel and Footwear application. It gave WWW the scalability it needed to pursue strategic growth objectives with global functionality for multiple currencies, languages, and time zones, and provided 24x7 support around the world.

The implementation project received broad executive sponsorship, start to finish. Clearly defined goals were identified by a dedicated project team and subject matter experts. Minimal customization of the standard solution template was needed. The implementation was conducted under a controlled scope using a phased approach, and the transfer of knowledge to dedicated, full-time business users shortened ramp-up.

### **Wolverine World Wide Reaps World-Class Business Benefits**

The SAP application has helped WWW transform manual work practices into enterprise-wide processes based on best practices in the apparel and footwear industry, developed to address the uniqueness of the footwear industry. This stable back-office environment has allowed WWW to centralize core functions, such as customer service, procurement, distribution, logistics, and accounting, as well as shared service operations. As a result, WWW has achieved significant improvements in operating efficiency since implementing SAP software in 1999, including a 68% improvement in electronic order rates, a 26% increase in inventory turns, a 75% reduction in time to close books, and a 34% reduction in days sales outstanding.

The IT department has dramatically improved speed to market and is now able to set the pace instead of trying to keep up with the pace of business. In combination with the SAP ERP application, SAP software for apparel and footwear provides WWW the scalability it needs to extend its brand portfolio, grow into new markets, move into new lines of business, and build on a solid foundation for its growth in e-commerce.

Working in partnership with SAP, WWW has built a multiyear strategic IT plan designed to improve product life-cycle management, demand planning, and financial supply chain management. With SAP, WWW has truly gone worldwide.