

SAP Portals Success Story



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HERMAN MILLER’S PORTAL FOR VENDOR COLLABORATION HELPED RAISE CUSTOMER ORDER COMPLETION RATE TO 99+ PERCENTILE

Herman Miller turned to portal technology to help shatter the market perception that the office-furniture industry is slow moving, with long lead times and unreliable order fulfillment. Unleashing the power of true collaboration, the company established a portal to share customer demand information with members of its supplier network and to monitor and grade those suppliers’ performance.

“We were looking to create a competitive advantage for Herman Miller by reducing lead times and improving order-fulfillment rates,” says Mike Brunsting, electronic commerce team leader. “Our executives, from the top down, firmly believe that becoming a leader in leveraging portal technology across the Internet is going to provide us with a competitive edge in our marketplace.”

 **Herman Miller**





Herman Miller selected the Enterprise Unification Portal from SAP Portals to provide both outside suppliers and its own internal users with a single, role-based entry point into their Baan ERP system, databases, documents, Web content, and other structured and unstructured information and data sources.

The company got the results it was looking for: with help from the enterprise portal, Herman Miller's customer order-completion rate jumped from the 75th percentile to the 99th percentile.

definitely contributed to the high numbers we have achieved around order fulfillment," Brunsting says. "There is no way we would be able to reach and sustain that order-completion rate if our suppliers were not more reliable than they had been in the past. This increase in supplier reliability is directly correlated to our portal solution.

"That's not the only benefit Herman Miller realized.

"We have reduced lead times and are beginning to see much higher inventory turns," Brunsting says. "We have eliminated waste throughout our supply chain by using the portal to enable our suppliers to become more virtually and vertically integrated with Herman Miller. Internally, our material planning group used to spend 80 percent of its time putting out fires: now they can be more proactive around things like inventory management, supplier interaction, and process improvement."

Herman Miller's suppliers are also seeing the benefits of the enterprise portal.

"Our suppliers are beginning to realize a lot of savings," Brunsting says. "One supplier reduced inaccurate invoicing by 70 percent through using the portal. Another said it no longer had to dedicate as many personnel to scheduling and data-entry work, and has been able to retask those individuals toward more value-added activity."

GLOBAL LEADER IN OFFICE FURNITURE

Herman Miller is a \$2.2 billion company headquartered in Zeeland, MI. The company creates great places to work by researching, designing, manufacturing, and distributing innovative interior furnishings that support companies, organizations, and individuals all over the world.

Herman Miller is primarily a light assembler. The company relies heavily on its supply base to provide components and materials like casters, wood veneer, fabric, and plastic extruded parts. Herman Miller assembles these components and materials in a make-to-order mode for its highly complex and highly configurable products.

Herman Miller deals with roughly 600 suppliers. Of that total, approximately 150 make up 90 percent of its direct material spend.

"We had undertaken major efforts internally to improve manufacturing efficiency and throughput, but we also knew we had to involve our supply chain to reduce lead times and improve customer order-completion rates," Brunsting says.

Herman Miller evaluated a number of portal solutions before selecting the Enterprise Unification Portal from SAP Portals.

"The SAP Portals solution was the easiest to deploy," Brunsting says. "We needed a solution we could install rapidly, with minimal custom development or interface work. SAP Portals demonstrated to us that we could roll out the solution quickly, point it to our Baan ERP environment, access all the information we needed, roll up the information into a repository, and deliver it to our external and internal users."

ROLES SIMPLIFY USER EXPERIENCE

Herman Miller uses specific roles for suppliers and internal users. The roles match job responsibilities in material planning, scheduling, supply management, purchasing, engineering, quality, and finance.

“Individuals wear multiple hats at some of our smaller suppliers, and it can be difficult to define a role that will apply in all cases,” Brunsting says. “The SAP Portals solution provided us with the flexibility we needed to tailor roles so we would not restrict users from additional information they might require.”

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The SAP Portals Enterprise Unification Portal includes a supplier information warehouse, where Herman Miller consolidates information from multiple systems through the portal unifier into a single format, housed in an Oracle database. The portal also provides access to documents related to the supplier relationship: purchase orders, terms and conditions, training materials, barcode documentation, and other miscellaneous information that had been previously communicated through mail or fax.

DEMAND TRIGGERS SUPPLIER FULFILLMENT

In place of creating discrete purchase orders for the materials it needs, Herman Miller sets up blanket agreements with suppliers, establishes prices, and uses the portal to show demand over a 12-week horizon. The demand represents actual requirements based on customer orders. Suppliers can view the information in various formats – for example, in a weekly bucket, so they can consolidate demand for their own production scheduling.

With lead times of 2-3 days for most items, suppliers also continuously monitor demand changes.

“Every day our suppliers log onto the portal and view requirements for the approximately 15,000 demand items we push out daily,” Brunsting says. “We provide suppliers with an online report that shows them what has changed each day, so they can

compare demand to the previous day and adjust production and delivery schedules accordingly.”

The company also shows payment information through the portal.

“A finance person at a supplier can see if any payments are scheduled and the total dollar amount to be transferred to their account on a particular day,” Brunsting says.

Internally, Herman Miller planners use the portal to monitor supplier compliance with demand requirements.

“Many of our suppliers ship four and five times a day,” Brunsting says. “Our planners use the portal to determine if any parts are past due and to monitor other alerts and exceptions as they occur, so we can keep our production lines flowing. We also created a supplier scorecard on the portal, where suppliers are tracked on quality, delivery, and documentation. Internal users can view these scores across different slices of time and drill down into the details.”



POWERFUL PORTAL FEATURES

Users at both Herman Miller and its outsource partners take advantage of a number of portal features to make their jobs easier. SAP Portals iViews provide them with dynamic, role-based windows, which are direct paths to the information they need to do their jobs. SAP Portals' Drag&Relate™ technology lets them use information from disparate sources as if they were part of one virtual system by simply clicking on the information and dragging it to another data source to which they want to relate it. SAP Portals' robust content management helps users find information they need through robust indexing and search capabilities, which deliver quick, relevant results.

"The Drag&Relate feature is very powerful," Brunsting says. "For example, financial personnel at a supplier can begin at a high-level iView of a payment and Drag&Relate it to other items – like invoices and receipts – while drilling down deeper for analysis. Also, the search feature is very intuitive and user-friendly. It enables our internal users to create ad hoc reports around things such as specific date ranges and certain types of information. These features enable us to really leverage the flexibility of the portal."

Herman Miller is running the solution on four Compaq servers and the Windows NT operating system (the platform includes servers for failover and load balancing). More than 700 external and 300 internal users access the portal.

PORTAL CREATES NEW OPPORTUNITIES FOR COLLABORATION

Herman Miller recently extended the portal to enable suppliers to view engineering drawings.

"We design highly engineered products," Brunsting says. "The SAP Portals solution now allows us to share these engineering drawings with our suppliers."

Herman Miller's future plans for the portal include workflow-enabled collaborative pricing between itself and suppliers. The company also wants to use the portal to communicate directly with its suppliers' information systems, to access their inventory levels. Additionally, Herman Miller outsources some of its office-furniture lines: it plans to use the portal to pass customer order information for these lines directly to suppliers, then have the suppliers acknowledge shipment so Herman Miller can invoice the customer.

"We see ourselves using the portal more for collaboration, versus just pushing information and providing access to data," Brunsting says. "This enables us to strengthen our relationships with our partners. Our suppliers can see that Herman Miller is truly interested in nurturing the partnership and making it as easy as possible for them to succeed."

Herman Miller gives high marks to SAP Portals for its role in the initiative.

"We are very pleased with the relationship," Brunsting says. "Herman Miller and SAP Portals have established what I believe to be a true partnership. The company is very interested in our feedback and responds extremely well to our requirements. I feel SAP Portals views us as a premier customer and makes sure that our needs are met."

To learn more about how SAP Portals can deliver on the promise of e-business, contact us at 1.800.360.3328 or visit www.sapportals.com.