

BY MEGAN MONSON

FORCED ONTO THE INFORMATION SUPERHIGHWAY

Keeping up with your business-to-business customers on the electronic highway is often the only way to survive.

ABOUT 14 MONTHS AGO, executives at Portland's Warn Industries sat down to talk about what they could do for one of their largest customers. The issue on the table was how best to deliver Warn's product information to Advance Auto, a large retail chain that stocks many of the company's specialty auto parts.

The customer was demanding product and pricing information in an electronic format that would fit its internal cataloging system. And Warn Industries, plagued by a lack of product exposure in Advance Auto's stores, wanted to give it to them.

It was obvious that simply sending an Excel spreadsheet to Advance

Auto's sales department wasn't doing the job. Only the most popular products were making the cut into the retailer's point-of-sale database — it was too much of a pain to integrate everything. So to find one of Warn's winches, hubs or other off-road accessories, clerks had to laboriously look it up in a specialty catalog. All too often, it didn't happen, and Warn lost a sale.

That brought Warn executives back to the question: What could they do to retain their customer and get much-needed product exposure? The answer — an electronic catalog — helped launch Warn Industries on a multi-year, multimillion-dollar initiative that promises to completely

retool the way the manufacturer does business.

It is basically a from-scratch project. Warn Industries is a traditional manufacturing company. Its first products, locking wheel hubs, were made in a Portland garage in the 1940s. It's so steeped in the manufacturing tradition that today even white-collar employees work an old-time schedule — 7 a.m. to 3:30 p.m. — from the days when heat in the factories made early hours desirable. "We're a manufacturing company," marketing director Bob Richmond says. "We don't do high-tech."

They do now. The new e-catalog, to be rolled out this quarter, not only allows Warn's data to be easily exported into business customers' databases, but also provides real-time resources for the company's customer service and technical assistance departments. Now, instead of looking up parts in one of Warn's seven paper catalogs, customer service reps can go online and simply enter an inventory number to get real-time inventory and pricing information, as well as technical specs. On the retail end, distributors can import information on the parts they sell into their internal systems.

The e-catalog is available now on the company intranet, and some or all of the information should be available to consumers within a year. And that's just the beginning. The Warn initiative also enables gathering information from business partners and



Warn's Bob Richmond and Nentropole's Dave Johnson helped digitize Warn's catalogs.

vendors on how they want to do business, implementing their suggestions and building an actual work flow that encompasses these ideas.

Business-to-business strategies don't get near the attention that consumer websites attract. They aren't as visible, and their database-intensive applications aren't nearly as sexy. But as retailers change the way they conduct business, their suppliers are being forced to change as well.

"We are seeing a lot more of this as time goes on," says Dave Johnson of Netropole, a Portland development firm for businesses developing Web-based technology. "Clients of companies are going to them and saying, I need content, pricing and the ability to get that electronically. If you don't give that to me, I'm taking my business elsewhere."

Customer expectations — present and future — were Warn's catalyst for change. "If we'd felt it was going to be this one account, we probably wouldn't have done it," says Richmond, who headed the "low six-figures" project. "But it was real clear that if we were going to get visibility with our product line, we had to have

something that our largest distributors could very easily fit into their systems. And we wanted to control how they did it."

One of Warn's first moves toward putting its catalogs of 15,000 parts online was to hire Netropole to do the database development. Netropole's Johnson took on the daunting task of standardizing parts designations and working with auto parts associations that had already established some cataloging guidelines.

"We had to make sure that the way Netropole designed the database, it was going to be usable by other people," Richmond says. "We had Dave work closely with our IT guys to make sure it was compatible with systems used by our distributors and Warn's internal systems so our customer service people can access it at any time. We had the database developed so we can Web-enable any or all of it. It had to be incredibly versatile."

The progress on the e-catalog fit in well with the strategic initiative established earlier this year, shortly after family-owned Warn Industries was bought by its top managers.

"The e-catalog is the first step in the process," says Gary Schulstad, Warn's director of information technology. "The next step will involve an overhaul of our website. We'll be opening that up and accepting suggestions from our partners on what they'd like to see on that site."

Right now, Schulstad is working on implementation of a company-wide enterprise resource planning (ERP) system. Instead of each department working independently, the ERP will connect all business processes in real time — from finance to distribution to manufacturing. "Everything flows through the system automatically so you have much more information available to you, from ordering to raw materials to finished goods," Schulstad says.

The e-catalog should prove a neat fit with the ERP system when it goes online in about a year, but it has not been an easy process.

"Business-to-business is a much more complex animal than consumer-driven technology," Schulstad says. "You are basically changing the way you are doing business rather than just giving people another choice." ■

DON'T LOOK NOW, BUT IS THAT AN ERP COMING UP BEHIND YOU?

ERP — it may sound like a burp when you say it, but the only digestive upset enterprise resource planning causes is in the fickle guts of budget-minded CFOs.

ERP systems, software programs designed to tie together disparate company functions, are implemented with the hopes of bolstering efficiency while reducing costs.

More than 20,000 companies worldwide paid in excess of \$10 billion to adopt ERP systems in 1997 alone. Manufacturing companies are far out in front of the pack, with 40.5% of them having ERP software in place last year, compared to an overall business figure of 18.9%.

Warn Industries' ERP system is expected to speed the flow of information across the complete supply chain. In a non-integrated system, for example, each phase of the manufacturing process — raw materials, work in progress, finished goods — is summarized separately. If someone from the finance department wants to know the inventory level of a Warn winch, she would

have to contact the appropriate department and request the latest information.

An ERP package integrates all of the information on those processes in real time. "It allows the finance department, for example, to dig down to a level of detail that they didn't have before," says Gary Schulstad, Warn's director of information technology.

It's not a project undertaken lightly — ERP processes are notorious for coming in over budget and behind schedule. And they're expensive. Schulstad's waiting to hear what the final tab will be at Warn, but he says the ERP package for his last employer topped \$1.5 million.

Is it worth it? It's difficult to chart a return on investment, since ERP systems tend to change business processes so greatly it's like comparing apples to oranges. But Schulstad is optimistic.

"It will give us flow within the organization," he says. "You need that as a foundation."