



# Case Study:

## Brown-Forman

Louisville, Kentucky

Founded in 1870, Brown-Forman Beverages Worldwide is one of the largest American-owned companies in the wine and spirits business. The company produces and markets worldwide such well-known brands as Jack Daniel's, Canadian Mist, Southern Comfort, Early Times, Korbel champagnes and Fetzer and Bolla wines. Its revenues in 2002 were \$2.3 billion.

### Brown-Forman Challenge

In May 1999, Brown-Forman implemented SAP 3.1H as its ERP package with an interface to its legacy WMS. This external WMS, however, did not allow Brown-Forman to take advantage of SAP's full capabilities. In addition, 3.1H lacked native RF, which meant that Brown-Forman would have needed middleware to interface with its RF hardware – an upgrade that would have added \$1 million to the project.

In 2001, Brown-Forman brought in Catalyst Consulting to evaluate their upgrade of its ERP to SAP 4.6C, which

included a new warehouse management module. They concurred that SAP now had the required WM functionality, and Brown-Forman selected Catalyst Consulting to oversee all customizations of the SAPConsole data collection transactions.

*This project, which began in July 2001, had several key objectives:*

- Implement a warehouse automation solution with RF capabilities that would be fully integrated into Brown-Forman's IT and logistics systems

- Create a wireless infrastructure, including mobile data entry transactions customized to Brown-Forman's business
- Expedite the picking, staging and loading processes for truckloads with up to 40 different line items using SAP's standard print function to output barcode labels.

### Key Results

By leveraging Catalyst Consulting's expertise in SAP R/3 systems integration and remote data collection using SAP Console, Brown-Forman was able to:

- Increase shipping throughput by 50%
- Improve space utilization by 50%
- Decrease shipping errors by 40%

- Improve inventory accuracy and stock rotation
- Improve visibility into customer orders

**"We were receiving benefits within the first 20 minutes of using the new system."**

Pat Sellers, Manager of Distribution Operations, Brown-Forman

## Catalyst Solution

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As a member of SAP's LES Partner Network of North America and the first company in the world to install the SAPConsole™ mobile computing solution on release 4.6, Catalyst Consulting was the right choice to move Brown-Forman into an SAP-centric solution. On the software side, it used wireless transactions that were a combination of SAP's own 4.6 mobile data entry transactions, Catalyst's library of SAPConsole transactions and custom transactions created specifically for Brown-Forman. Catalyst developed 20 custom transactions (including eight from its library), each of which could be run from the desktop as well as the RF devices.

In addition, it trained Brown-Forman personnel to develop RF transactions in-house. After being live with the system for one and a half years, Brown-Forman engaged Catalyst again to develop new transactions and enhancements. Even though they were trained to develop on their own, it was their opinion that Catalyst could do the additional development faster and more cost effectively for the business.

As a certified Intermec Solution Partner, Catalyst also had the expertise to help Brown-Forman upgrade its wireless infrastructure and RF devices. Brown-Forman not only had been using Intermec bar code printers for several years but also was impressed with its access point technology.

For this project, it selected Intermec's MobileLAN product line, and Catalyst was involved in integrating eight access points, 17 vehicle-mounted radios and scanners, two handheld radios and five label printers.

### *Product Movement*

Brown-Forman's warehouse operations are designed for SU management within a bulk storage environment. Product receipts are performed against Process Orders and Purchase Orders. Finished product is received into the warehouse from automatic palletizers and putaway into bin locations. The goods receipt for Process Order can be performed on an RF device or on a desktop. Externally procured product is received into the warehouse via a Goods Receipt for Purchase Order. Transfer orders are automatically created for putaway into the warehouse.

### *Special Requirements*

The Brown-Forman implementation had to overcome two unusual hurdles:

- Automate the process to stage materials for delayed shipments in order to accommodate labeling and other requirements specific to alcoholic beverages
- Transition barcode labels from custom printing to SAP's standard output method

Since each state has specific labeling requirements for alcoholic beverages and these products are sold differently by region, most pallets shipped from Brown-Forman have multiple products. In fact, one truckload can have as many as 80 different line items. Because that kind of picking from a docked truck can be so time-consuming as to cause penalties, Brown-Forman had set up a process in its legacy system that allowed partial portions to be picked in advance and set aside to await the truck. Sometimes a single pallet had as many as 20 different items, but the pallet itself had a unique barcode, so the operator loading the truck only had to do one scan. This functionality was incorporated into the new WMS.

When the legacy system was still in use, most Brown-Forman sites were generating barcode labels using custom code in a custom transaction. In just three weeks, Brown-Forman researched, designed and implemented a solution that enabled these sites to use SAP's standard print function to output the labels.

## Key Facts at a Glance (Louisville Production Operations)

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- 125,000 square foot warehouse
- 800 SKUs
- 25 – 35 trucks/day with typically 10-15 line items/truck
- Annual shipments of 5.5 million cases
- Catalyst implemented the SAP solution with RF capabilities in six months



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