



STUBB'S LEGENDARY KITCHEN

RESTORING PROFITABILITY THROUGH BETTER DATA AND TOOLS

QUICK FACTS

Industry

Consumer products – food

Revenue

US\$13.5 million

Employees

16

Headquarters

Austin, Texas

Web Site

www.stubbsbbq.com

SAP® Solutions and Services

Improving financials with the SAP® ERP application

Implementation Partner

itelligence Inc.

Key Challenges

- Improve ability to plan and forecast
- Provide timely visibility to all cost areas
- Equip management with the information to make better pricing decisions
- Automate cost control
- Provide audit trails for general ledger entries
- Deliver accurate, complete reports

Why SAP Was Selected

- Strong business planning and forecasting functionality
- Overall robustness
- Ability to support multiple simultaneous users
- Built-in cost control functionality
- Support for audit trails
- Reporting strengths
- Cost-effectiveness of partner's proposal

Implementation Best Practices

- Identified the most time-consuming business processes
- Found out how much improvement SAP® software tailoring could provide
- Ranked and selected tasks to be tailored on a cost-benefit basis
- Provided adequate time to properly implement software and train personnel

Low Total Cost of Ownership

- Completed upgrade on schedule and within budget
- Outsourced most support for a very reasonable cost
- Kept impact on internal IT personnel to an absolute minimum

Financial and Strategic Benefits

- Moved from position of heavy indebtedness and negative working capital to robust financial health with no debt and substantial retained earnings
- Achieved cost visibility required for better pricing decisions
- Obtained built-in cost control and audit trails
- Developed better reports for measuring business performance
- Attained ability to perform forecasting and budgeting on a per-customer, per-SKU basis

Operational Benefits

Key Performance Indicator	Impact
Inventory as a percent of revenue	-10% to -30%
Time and effort to perform forecasting	-50% to -60%
Forecast accuracy	+15% to +20%
Cost monitoring accuracy	+100%
Closing time	-50%
Order processing time	-85% to -90%

Stubb's Legendary Kitchen, provider of high-end barbecue sauce and marinade, was nearing bankruptcy because its financial planning and forecasting tools were so poor. Now that the firm uses the SAP® ERP application instead, it has greatly improved the availability and accuracy of information for decision making as well as business process efficiency, inventory levels, and much more – and has returned to robust financial health.



“We emerged from near bankruptcy into a position of strong financial health.

There’s no question that the excellent financial information provided by SAP software played a big role in our turnaround.”

Kurt Koegler, President, Stubb’s Legendary Kitchen

www.sap.com/contactsap

Stubb’s Legendary Kitchen is the number one provider of superpremium barbeque sauce and marinades in the United States. These products, available in grocery stores around the country, are based on much-loved recipes developed by founder C. B. Stubblefield, who often said, “I was born hungry, and I want to feed the world.” Besides achieving handsome business success, the firm still fulfills Stubblefield’s humanitarian goals by partnering with homeless organizations to help feed the hungry.

Profitability and Growth Require the Right Software

In its early years, Stubb’s relied primarily on spreadsheets to help plan and run its business, but the need for more robust software became apparent as business grew larger and more complex. When Stubb’s began performing its own manufacturing for the first time, its financial tools were strained to the breaking point. “We were on the verge of bankruptcy and didn’t even realize it because our forecasting and reporting tools were so weak,” says Kurt Koegler, president. “We needed applications that could provide visibility to all our costs so that we could make pricing decisions that would deliver a profit. After evaluating several options, we chose SAP software because it had the best functionality and overall robustness.”

As its implementation partner Stubb’s chose itelligence Inc. Initially, to keep costs low, itelligence Inc. implemented only standard SAP® software functionality. But later, after Stubb’s returned to much

stronger financial health, it asked itelligence Inc. to upgrade to the latest version of the SAP ERP application and tailor the software for its specific needs. Together Stubb’s and its SAP consultant prioritized tailoring opportunities on a cost-benefit basis and selected those that delivered the best value. The upgrade went smoothly and finished well within schedule and budget goals.

Timely, Accurate Information Makes the Difference

SAP ERP provided immediate help in turning around Stubb’s dire financial position, and it is helping even more now that key business processes have been tailored. For example, the software has helped greatly in planning and evaluating the many promotions the firm offers its customers. In the past, it took months after a promotion ended to determine its impact, and even then the reported results were suspect. Now Stubb’s can tell whether a promotion is delivering benefit in time to make changes, and it can immediately discern which promotions are most effective so that new promotions can be modeled after them. Costs of all kinds are far more visible, providing executives with the information they need to optimize pricing. Period-end closing takes half the time and delivers more reliable results. With better materials management and sales and distribution functionality, inventories are leaner, and Stubb’s can more cost-effectively decide which of its manufacturing plants and distribution centers to use in making customer deliveries. Order processing, which used to consume one person full-time, now takes just

half of a person’s time even though sales have tripled.

All these dramatic improvements have had a profound impact on Stubb’s bottom line. Before the firm acquired SAP software, it had negative working capital and was heavily in debt. But now, due to heightened efficiency and sound business decisions based on accurate, timely information, Stubb’s enjoys substantial retained earnings and well over a million dollars in working capital, with no debt. The future holds even more benefits as Stubb’s finds ways to take even better advantage of SAP ERP. As Koegler says, “There’s so much in there. We just have to figure out what functionality and tailoring opportunities to exploit next.”

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