



HEAVEN HILL STREAMLINES ORDER-TO-DELIVERY WITH IFS APPLICATIONS™

Heaven Hill Distilleries, a family-owned company with Depression-era roots, brought its IT system into the 21st century. By investing in an integrated business system from IFS, the company achieved a variety of efficiencies, including dramatic reductions in both finished goods inventory and lead times on customer orders.

OUTGROWING THE OLD SYSTEM

After evaluating its business processes in October 2002, Heaven Hill realized it needed a better IT system.

“Our company had outgrown our old system—it was so customized that it could only be supported by one guy, our IT manager,” said Allan Latts, Heaven Hill’s Director of Corporate Planning. “We believed that, with the growth the company has had, we needed a new platform to support both our current operations and, most importantly, our future growth plans.”

As they examined the existing system, Latts and the evaluation team realized that it was weak in several areas: material requirements planning (MRP); production, planning, and scheduling; and materials management.

“We did not have a standard costing system in place, nor did we have a system where we automatically tracked raw materials. That was all done manually,” Latts said. “The system primarily operated from order entry and accounting through finished goods inventory management. We wanted to take advantage of the new tools that are available in a state-of-the-art enterprise resources planning (ERP) system, both to make our processes more efficient and to automate some of our manual processes.”

FINDING AN INTEGRATED SOLUTION

Spirit production is, at first glance, a combination of process (distilling) and discrete (bottling) manufacturing. But unlike refining, the process side is more batch-oriented than continuous. In evaluating an ERP system, Latts discovered many vendors didn’t see that differentiation clearly.

“As we were considering the different companies, everybody talked about us being process and needing to have a solution that was designed for a process industry,” Latts says. “But when we really dug into it, we found that we were using more structures, routing, and shop orders, instead of recipes and process-related functions.”

To perform its vendor selection, Heaven Hill created a questionnaire highlighting its requirements and sent it to several software providers. In addition, Deloitte & Touche consultants helped to evaluate systems. From the vendors’ responses, Heaven Hill selected companies to present demos. In October 2002, Heaven Hill selected IFS, citing several reasons.

“One of the areas that was attractive to us was the broad range of functionality that IFS provided,” Latts says. “IFS had MRP, standard costing, inventory

ABOUT HEAVEN HILL DISTILLERIES, INC.

Heaven Hill Distilleries, Inc., of Bardstown, Kentucky, is the largest independent, family-owned marketer and producer of distilled spirits in the United States. The company is the second-largest holder of Kentucky bourbon in the world, with more than 650,000 barrels aging at any given time. Heaven Hill’s diversified portfolio includes such well-known names as The Christian Brothers® Brandy, Evan Williams® Kentucky Straight Bourbon Whiskey, Whaler’s Rum, Burnett’s® Gin and Vodka, and Dubonnet® Aperitif. The company’s newest brand is HPNOTIQ® Liqueur, a drink that combines vodka, cognac, and fruit juices.



management, and accounting—everything that we were looking to implement. We liked that we could buy just the modules that we needed, and at a later time, when we're ready, we can buy additional modules. We also were very impressed with the user interface and the level of technology that IFS used."

IMPLEMENTING THE SOLUTION

From the selection through implementation in May 2003, the teams at IFS, Deloitte & Touche, and Heaven Hill cooperated to get the system up and running. Latts credits the successful implementation to the time key people at Heaven Hill spent focusing on the project. Through the implementation of the IFS system, the company discovered how it needed to change its processes so it could achieve the gains and efficiencies it wanted.

REALIZING TANGIBLE PAYBACK

After a year of experience, Heaven Hill has realized tangible payback from its new system. The company's finished goods inventory has gone down significantly—as much as 20 percent—and MRP is helping decision makers anticipate what to run and when to run it.

"In the United States, we can legally sell only to distributors, not to retail stores or bars," Latts said. "We provide a broad mix of stockkeeping (SKU) offerings to these customers, and we have reduced the order lead time that we require from them by 30 percent as a result of the improved planning and operational capabilities that the new system provides us."

Heaven Hill is the second-largest holder of Kentucky bourbon in the world, with more than 650,000 barrels aging at any given time. The company produces hundreds of brands and thousands of SKUs.

"Our problem is a matter of making time on the line—balancing inventory, changeovers, and the capacity that our lines have so we get everything done on time," Latts said.

Using the capabilities of its IFS system, Heaven Hill has been able to fine tune scheduling. The software helps the company optimize what it needs to run and in what sequence. Heaven Hill juggles several different bottle shapes, all types of spirits, and hundreds of different labels. The company can now develop reports that use several different variables to schedule shop orders in the optimum sequence so that changeovers are minimized.

DISCOVERING NEW POSSIBILITIES

Over time, Heaven Hill users have found some functionality they didn't expect.

"When we were doing training for the go-live, we just focused on the plain vanilla aspects of the system," Latts said. "Once you dig into it more, you learn more about what is available."

For example, the company recently started to use IFS' available-to-promise capability. With this function, inventory or planned production information is available immediately after entering an order. This enables Heaven Hill to notify the customer on the front end if it will have a problem shipping the order on time.

"We are just beginning to realize all the benefits that come from having a state-of-the-art ERP system," Latts said. "As we grow as a business and become even more sophisticated, we are glad to know IFS has the capabilities to grow with us, helping make our company more efficient."

BENEFITS

- Reduction of finished goods inventory by up to 20 percent
- Reduction of customer order lead time by 30 percent

SOFTWARE

IFS Manufacturing™
 IFS Distribution™
 IFS Financials™
 IFS Business Performance™
 IFS Document Management™
 Business Modeler™
 IFS eLearning™

HARDWARE

Two Dell® PowerEdge® 6600 servers



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 Director of Corporate Planning