

CASE STUDY COMBINING TWO MAJOR MARKET PLAYERS

Godfrey Hirst C A R P E T S



“Buying Feltex will give Godfrey Hirst critical mass to become a global player” **Jim Walsh (CFO, Godfrey Hirst)**

THE CUSTOMER

Godfrey Hirst is a privately owned Australasian company and the largest carpet manufacturer within Australasia (50% market share). Godfrey Hirst has a vision to be world’s leading processor and manufacturer of woollen and synthetic carpets. The company has more than 800 employees in New Zealand.

Feltex Carpets established in the 1920’s were one of the world’s leading carpet manufacturers and a New Zealand icon. They had a reputation for quality, technical expertise and craftsmanship. Feltex Carpets experienced financial difficulty following a slowdown in the Australian market in 2006. Godfrey Hirst saw huge potential in a take over of Feltex Carpets and by the end of 2006 the purchase and takeover was made.



SETTING THE SCENE

Godfrey Hirst undertook a major project to review Feltex business processes and align with Godfrey Hirsts’. At the same time it was critical to maintain the brand identity and market position of Feltex.

Godfrey Hirst sought operational improvement, business integration, speed of execution and most importantly better control on their business whilst maintaining exceptional service levels, quality and sustainability.

The outcome for Godfrey Hirst was instrumental to the success of the company and improve their position as a market leader. The collaborative acquisition provided Godfrey Hirst with the opportunity to realise market potential.

BUSINESS CHALLENGES FOR GODFREY HIRST

- Feltex relied on complex processes that had not adequately supported the business
- Extensive investment in plant and equipment was required
- Godfrey Hirst were leanly staffed at all management levels
- Godfrey Hirst needed to regain control of business processes and information systems
- Re-alignment of roles to suit the needs of the combined business
- Maintaining sales and production volumes in a softening market
- Staff morale and business confidence during and after acquisition.

THE APPROACH TO A BETTER SOLUTION

- Implementation of Godfrey Hirsts’ processes across all areas of Feltex Carpets in a quick and controlled manner
- Key Godfrey Hirst management drove the changes into the Feltex business
- A combination of expertise and experience from both Godfrey Hirst and Xelocity enabled defined objectives to be achieved particularly in information systems and business processes
- Focus on critical areas such as Stock Accuracy, Sales and Operations Planning and Performance Reporting (Business Process Improvement).
- Phased approach to implement, manage change and business transactions.



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Powerful Business Results



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PROJECT SUMMARY

The directive was to use processes and functionality that had already been proven in the Godfrey Hirst business.

The key project areas were identified:

- 1) Customer Service & Finance
- 2) Warehousing
- 3) Manufacturing.

Each of these projects were divided into phases:

1. Discover & Analyse (e.g. Identify current Godfrey Hirst processes, Review Feltex processes and Identify gaps)
2. Design (e.g. Proof of Concept Prototype using data from Feltex and present to the business, Gap analysis, Gap review and resolution, Configure System, Data Conversion & Install Infrastructure)
3. Test
4. Training
5. Go Live
6. Post live support.

KEY FINDINGS

- Extensive re-engineering of data converted from the existing SAP system was required
- Introduction of shop floor data collection improves speed and accuracy of information
- The system needed to be flexible in the manufacturing area to allow for consistent production across plants
- High degree of management commitment was prevalent throughout. Quick decisions supported the changing environment
- Staff Buy in - key factory staff were able to visit a “working” site that had similar systems to the ones being implemented
- “Experts” in every field worked alongside operations staff during cut-over
- Management provided guidance and control - clear vision and understanding derived from original systems and processes at Godfrey Hirst could be utilised and optimised.

ROI / BENEFITS

- Improved stock accuracy rate from 60% to 99% resulting in better servicing of orders
- Centralised carpet manufacturing in Auckland reduced transportation costs and time to market
- Morale for Feltex staff improved, due to better culture, systems and investment in the plants
- Customer Service, product time to market, product quality improved
- Product rationalisation led to manufacturing flexibility, improved product management and reduced stock levels
- Consistent and robust systems and processes have reduced support requirements whilst improving up-time and capability.

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