

## INTERACTIVE SESSION: ORGANIZATIONS

### BURTON SNOWBOARDS SPEEDS AHEAD WITH NIMBLE BUSINESS PROCESSES

When we hear "snowboarding", we tend to think of snow-covered slopes, acrobatic jumps, and high-flying entertainment. We don't usually think of improving business process efficiency. But snowboarding is business for Burton Snowboards, an industry pioneer and market leader. Founded in 1977 by Jake Burton Carpenter and headquartered in Burlington, Vermont, Burton designs, manufactures, and markets equipment, clothing, and related accessories for snowboarders. Today, Burton is a global enterprise that serves customers in 27 countries and has offices in Japan, Austria, and throughout the United States.

At its peak, Burton controlled over 40 percent of the U.S. snowboarding market, and it remains the market leader amidst a growing number of competitors. Now, as Burton continues to expand into a global company, it has a new set of problems: improving its systems for inventory, supply chain, purchasing, and customer service.

Stocking and managing inventory is a difficult problem for Burton, whose inventory changes dramatically depend on product line updates and the time of the year. Burton takes feedback from its customers very seriously, and will move quickly to meet their needs. For instance, if a rider tests a jacket and recommends repositioning a zipper, Burton's production line must be able to make this modification quickly and easily. Being dynamic and adaptable is a competitive necessity.

Burton has implemented and currently maintains SAP enterprise software, an Oracle database, a SUSE Linux enterprise server, and commodity hardware. That's a long way from a lone woodworking shop in Vermont. Before making these upgrades, Burton's information systems were a hodgepodge of inconsistently implemented and underutilized software. The company had to manually allocate products to customers and orders. In 1997, Burton first deployed SAP to begin upgrading its IT landscape, and the company has continued to use SAP since that time. But Burton needed to do more with its systems.

Two of Burton's IT goals, established by CIO Kevin Ubert, are to "strengthen the foundation," and keep their systems "simple, standard, [and] supportable." The foundation Ubert referred to is

SAP enterprise resource planning (ERP) software. Rather than buying new software to solve IT problems, Burton decided that it would explore basic functionalities of SAP ERP software that it had not used yet. Often, Burton could resolve problems this way without adding new layers of complexity to its IT infrastructure, and the company gained proficiency with SAP enterprise software in the process. Burton aims for a standard, traditional version of software whenever possible, realizing that with more bells and whistles comes increased maintenance costs and steeper learning curves to understanding the software.

SAP analysts helped Burton identify the top five transactions that were the most critical to its business operations and that needed optimization from a systems standpoint. Burton had to identify unnecessarily complicated processes, backlogs, and design gaps in the flow of its business processes. For example, the available-to-promise process was taking hours to complete. (Available to promise, in response to customer order inquiries, reports on available quantities of a requested product and delivery due dates.) Burton wanted to speed up this process so that its dealers and retail customers would have more precise information about the availability of products not currently in stock. Completing this process now takes 20 minutes.

Other processes in need of improvement included the order-to-cash process (receiving and processing customer sales, including order entry, fulfillment, distribution, and payment); the handling of overdue purchase orders in the procure-to-pay process, which consists of all the steps from purchasing goods from a supplier to paying the supplier; and the electronic data interchange (EDI) inventory feed extract transaction. Burton has an assortment of warehouses that pass inventory data to one another automatically using EDI systems. Thousands of items are moving from warehouse to warehouse and thousands of transactions occur each day at each warehouse. Burton found that the process of reporting inventory was inefficient, and both suppliers and customers could not easily determine up-to-date information on which items were in stock at which warehouse.

SAP and Burton worked together to improve communication between warehouses and supply chain efficiency.

A management dashboard developed with the help of SAP shows how smoothly a critical process is running at a certain point in time. Information from the dashboard helps Burton's key users discover inconsistencies, gaps, or other areas that they should be monitoring more closely.

All of these process improvements proved especially valuable during what Burton calls its "reorder" season. Burton's dealers place orders to stock their stores well before winter sets in. As consumers start buying the merchandise, the dealers reorder with Burton to replenish their stock

or to buy new products. Now they are able to see more timely product availability data, and receive orders more rapidly. In 2015, Burton is planning for the potential growth in global sales that would develop as a result of Beijing winning the rights to host the 2022 Winter Olympics. Burton believes that China might account for a full 10 percent of its sales by that time.

*Sources:* "Burton Sees Opportunity as Beijing Bids for Winter Olympic Games," Bloomberg News, January 12, 2015; Lauren Bonneau, "How Burton Snowboards Remains as Nimble as Its Riders," SAP InsiderPROFILES, April–June 2011; "The Burton Corporation Company Profile," Yahoo! Finance, accessed August 27, 2012; and www.burton.com, accessed August 27, 2012.

## CASE STUDY QUESTIONS

1. Analyze Burton using the value chain and competitive forces models.
2. Why are the business processes described in this case such an important source of competitive advantage for Burton?
3. Explain exactly how these process improvements enhance Burton's operational performance and decision making.

specifying the solution, and identifying the information requirements that must be met by a system solution.

The systems analyst creates a road map of the existing organization and systems, identifying the primary owners and users of data along with existing hardware and software. The systems analyst then details the problems of existing systems. By examining documents, work papers, and procedures, observing system operations, and interviewing key users of the systems, the analyst can identify the problem areas and objectives a solution would achieve. Often, the solution requires building a new information system or improving an existing one.

The systems analysis also includes a **feasibility study** to determine whether that solution is feasible, or achievable, from a financial, technical, and organizational standpoint. The feasibility study determines whether the proposed system is expected to be a good investment, whether the technology needed for the system is available and can be handled by the firm's information systems specialists, and whether the organization can handle the changes introduced by the system.