

## The Charmer Sunbelt Group

### SAP Bolsters Position as Distributor of Choice

#### Challenge

Today's wine and spirits distributors face incredibly complex business challenges – from increased demands from wine and spirits suppliers to unique state and local laws and regional customer preferences. As a leading multi-state distributor of fine wines, spirits, beers, and non-alcoholic beverages, The Charmer Sunbelt Group (CSG) recognized that it needed stronger capabilities and processes in its core business functions to maintain and strengthen the company's position as the "Distributor of Choice", while at the same time bolstering its highly effective localized sales and distribution structure.

#### Solution

CSG responded with a strategy that addressed corporate-level needs while preserving and enhancing the advantages of local operations and addressing their unique business challenges. With the assistance of Clarkston Consulting, CSG achieved a successful initial implementation of SAP at its Washington, D.C. house. One product of this endeavor was the development of a corporate-wide blueprint for its subsequent rollouts. As part of the rollout strategy, an accelerated approach was established for the succeeding implementations, deploying SAP and enabling CSG to develop a Shared Services model for key business functions.

#### Benefits

CSG now has an integrated system aligned with its business needs, entrepreneurial culture, and growth objectives. The new system and core business processes promise increased efficiency and improved results across the entire enterprise. The project achieved substantial cost savings and was completed within the required timeframe and within budget, with no service level disruption to its customers.

*"Implementing a robust SAP ERP system based on global process design, coupled with a Shared Services model, strong change management program, and partnering with Clarkston Consulting proved to be the right answer for The Charmer Sunbelt Group."*

**Paul Fipps**  
CIO & VP, Business Services  
The Charmer Sunbelt Group

### Taking Success to the Next Level

The Charmer Sunbelt Group began as the Blue Crest Wine & Spirits Corporation, a small Brooklyn, NY beverage distributor established in 1944 by Charles Merinoff Sr. In the 1960s, Merinoff changed the company's name to Charmer Industries (Charmer is a derivative of C-H-A-R, of Charles, and M-E-R of Merinoff). The company acquired the Sunbelt Corporation in 1997 and subsequently became The Charmer Sunbelt Group.

Today, New York City-based CSG is one of the nation's leading distributors of fine wines, spirits and beers, bottled water and non-alcoholic beverages. CSG is a group of companies operating in Alabama, Arizona, Colorado, Connecticut, Delaware, Florida, Maryland, Massachusetts, Mississippi, New Jersey, New York, Pennsylvania, Virginia and The District of Columbia, markets which collectively account for over 40 percent of total U.S. spirit and wine consumption. Together, these companies employ more than 7,000 associates and distribute over 60 million cases per year.

In recent years, company growth has been fueled by exceptional sales and logistics teams supported by state-of-the-art warehouse management and delivery systems. Company leadership has maintained a strong focus on being "the Distributor of Choice." CSG has continually shown a willingness to invest in the systems needed to improve its operations while providing a competitive advantage to its business partners.

Wine and spirits manufacturers frequently undergo mergers, acquisitions and alliances that cause brands to be moved back and forth, requiring beverage distributors like CSG to remain nimble and maintain a dynamic portfolio. At the same time, the three-tier alcohol beverage distribution system is local, regulated by unique state and local laws, pricing, taxation and tastes. Established in the U.S. after the repeal of Prohibition, the system ensures the safe and responsible distribution of alcoholic beverages by requiring producers (distillers, importers, wine makers, and brewers) to sell to a distributor. The distributor then services the retail outlets where alcoholic beverages are legally and responsibly sold and enjoyed. The three-tier distribution system, as well as variations in demographics by brand and type of product consumed, result in beverage distribution being a difficult business in which to maximize profits while streamlining costs.

### Enabling Excellence and Future Growth

As it looked to the future, CSG determined it needed new ways of working and a new ERP system to provide a common process and technology platform that would help it maintain its position as Distributor of Choice within its business segment. CSG targeted three strategic value propositions for its upgraded system:

- Build a centralized core.
- Effectively integrate new suppliers.
- Provide solutions to help local distributors manage margins, maximize profits and reduce costs.

One of the initial steps was to upgrade the company's existing ERP system from SAP 4.7 to SAP ECC 6.0 to ensure that the current and future implementations would be built on the latest release and to allow for future changes in order to take advantage of new features in ECC 6.0. The company would also gain increased performance from an upgraded hardware and operating system. To manage rebates, chargebacks, and incentive compensation, CSG chose to implement the Incentive and Paybacks Module developed by Vistex, an SAP Partner. In addition, it chose Microsoft for the data warehouse to provide enhanced capabilities around enterprise pricing and sales reporting.

#### Key solution deliverables

- *Corporate blueprint for the Procure to Pay and Order to Cash processes to integrate into the existing Finance and Human Resources blueprint.*
- *Implementation of core SAP ECC 6.0 modules (MM, SD, PP, FICO, WM); Vistex – chargebacks, rebates and commissions; Contech / Lucas – warehouse wave planning and bottle picking respectively.*
- *Technical upgrade from SAP 4.7 to ECC 6.0 for MM, SD, PP, FICO, WM, and HR.*
- *Program management for the SAP implementation and upgrade.*
- *Support for the training and change management solutions.*
- *Structured testing procedures to ensure repeatable quality assurance processes for implementing future enhancements.*

## Stronger Processes, Better Results

CSG partnered with Clarkston to implement the new business model leveraging the enterprise blueprint established during the initial SAP implementation. The first actions of the rollout were to conduct a technical upgrade of the SAP landscape for the ten current locations using SAP across the following modules: HR, FI, CO, PA, MM, WM, IP, and SD. The team employed various innovative and unique processes to achieve an accurate and rapid deployment:

- **A Project Management Office (PMO)** was formed to provide ongoing documentation, guidance and metrics for project management and execution. The PMO facilitated integration of work efforts and helped ensure compliance and alignment to the business objectives and benefit case.
- **Focused project teams** were formed by CSG and Clarkston to implement the Enterprise solution at each house. This was to allow the teams to gain efficiencies as the implementations progressed.
- **An effective change management program** was critical, particularly in view of CSG's strong localized business culture. The program and project team members needed to work effectively with multiple stakeholders at both the local (state) and corporate levels. Successful end-user adoption required regular stakeholder meetings and ongoing communication to explain how, when and why change was occurring. The change management team provided the communication plan, stakeholder plan, organizational impacts and change readiness results, and built and managed the training plan.
- **A robust testing process** contributed a key component to the success of the accelerated deployment and laid the foundation for future improvements. Using the Hewlett-Packard Quality Center testing software, the CSG Quality Assurance team was able to establish a repository of reusable test scripts. This armed CSG with a valuable toolkit for implementing future enhancements and upgrades.

## Building Shared Services and Shared Successes

As the SAP blueprint was implemented across the enterprise, CSG developed the other key component of its strategy – centralization of core business functions in order to improve service, increase efficiency, and support localization where appropriate. The project team took charge of the assessment, design, and implementation of Shared Services, a model that consolidates support operations for selected business functions into a single, highly efficient organizational unit for improving efficiency by eliminating duplication and streamlining processes. The Shared Services solution was designed to:

- Further leverage CSG's SAP investment.
- Increase focus on core competencies.
- Provide better service to suppliers and customers.
- Reduce transactional and operational costs.
- Ease integration of new business units.
- Increase net operating profit.

## Shared Services delivered by Business Services

Because the new business process provided a positive business impact in a short time and the new capability focused on improving the business capability of CSG, the team decided to call themselves "Business Services" instead of "Shared Services". This underscored their dedication to executing business services that are driven to support the customers and the suppliers, not just CSG.

### **Business benefits**

While preserving and strengthening its position as the Distributor of Choice, the Shared Services model provided benefits across multiple business units including:

- ROI of greater than 200% from operating efficiencies.
- Accelerated delivery of business benefits through parallel tasking.
- An ideal balance of Shared Services AND localized control.

### **Key success factors for the overall effort**

- *Active, motivated participation by all CSG and Clarkston team members.*
- *Unwavering commitment from CSG leadership.*
- *System and processes aligned with enterprise blueprint.*
- *Application of PMO and other proven control and management solutions.*
- *Minimal customization—operational processes followed standard SAP best practices.*
- *Dynamic change management and training programs to ensure user acceptance.*
- *Positive reaction and adoption from business unit stakeholders.*

### **Why Clarkston Consulting?**

CSG chose Clarkston Consulting because of our experience with large-scale SAP implementations, thorough knowledge of the distribution and consumer products industries, and success in completing past projects for the company.

Since 1991 we've been partnering with leading consumer products companies like CSG to build stronger, more successful organizations. This in-depth industry focus uniquely positions us to help our partners to overcome barriers, seize opportunities and optimize competitive position. We're intimately familiar with the unique challenges consumer products companies face—and stand ready to apply the business insight and specialized expertise needed to meet them. Our many success stories, consistently high degree of repeat business, and outstanding client satisfaction rate add up to a winning formula that helps Clarkston clients exceed expectations and achieve tangible results.

To learn how Clarkston Consulting can help you align your business strategy with your ERP implementation, please contact us or visit us at **[www.clarkstonconsulting.com](http://www.clarkstonconsulting.com)**.



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### **About Clarkston Consulting**

*Clarkston Consulting is a different kind of management and technology consulting firm. We deliver a unique experience for market leaders within the Consumer Products and Life Sciences industries. Considering professionalism, expertise, and value as prerequisites, we take service a step further through our unyielding commitment to the success of people as individuals, both our clients and our employees. By combining integrity, adaptability, and a whatever-it-takes attitude, we have achieved an extremely high rate of referral and repeat business and a 7-year average client satisfaction rate of 97%.*