



STEP Improves Efficiency and Quality of Product Data

Company profile

Founded in 1968, Harbor Freight Tools is the world's largest tool and equipment catalogue retailer, with more than five million satisfied customers. The company offers one of the widest selections of brand-name tools—including DeWalt, Chicago Electric, Pittsburgh, Makita, Central Machinery, Central Hydraulic, Stanley, Central Forge and many others—as well as thousands of private-label tools and other products through its popular print catalogues and website.

Homegrown business systems

Originally, Harbor Freight's challenges revolved around print advertising and product information management. The Camarillo, Calif.-based company was expanding rapidly from a catalogue-only operation to an online and bricks-and-mortar retailer, opening 25 to 50 stores a year while also growing its online and catalogue business. Unfortunately, this growth was creating a number of operational, IT, regulatory compliance and marketing challenges for the company.

"Our homegrown systems simply couldn't handle the load of our expanded advertising, product information and digital assets," said George Argodale, CIO of Harbor Freight. "And it was beginning to show in several areas of the business."

Poor data accuracy and unstable IT infrastructure

As the company opened more stores, managers at each location wanted the ability to create ads and circulars. Therefore, what started as one flyer for all stores, quickly became hundreds and thousands of flyers for all these different retail locations every week. Managing this process centrally was becoming physically impossible.

First of all, product information resided in multiple disjointed and homegrown systems. There were copywriting databases, image databases and multiple access databases for managing product information. Also, since most of its products fall under the company's private-label brand, Harbor Freight has virtually zero vendor-supplied product data, which means it must author and maintain that information, adding yet another layer of complexity to managing product master data. The resulting scenario was one in which more than 300 individuals were constantly maintaining product data by extracting, compiling, amending or updating product information.

CUSTOMER DETAILS

Harbor Freight Tools
www.harborfreight.com

INDUSTRY

Retail

CHALLENGES

- Product data held in multiple and homegrown legacy systems
- Legacy systems unable to support growth
- Inconsistent data lead to inefficiencies affecting sales and profitability
- Costly and labour-intensive effort in meeting compliance and updating critical safety information

SOLUTION

- One single location for all product master data
- Seamless interfaces across the IT infrastructure
- Push new approved products to website and other channels automatically
- Streamline many processes

CONTINUING BENEFITS

- Elimination of redundant business processes
- Saving time in approval and publishing to all channels
- More agility and ability to localise prices
- Improved data governance supporting improved regulatory compliance
- Reduction in inbound calls, translating in happier customers, lower call centre costs
- Robust master data platform to support future growth and domains

"I remember one of our flyers a few years ago was promoting a 'chainsaw' rather than a 'chainsaw,'" said Argodale. "We were seeing these types of embarrassing data accuracy issues everywhere."

What's more, as the company and its data load grew exponentially, Harbor Freight's IT systems began to show their limitations. The code had to be continually fixed and upgraded, and some of the systems kept crashing as they struggled to keep up with demand.

Sub-optimal sales and profitability

Inconsistent product data was also leading to serious process inefficiencies, which affected both sales performance and profitability. For instance, since localised versioning of flyers and circulars was such a challenge, marketing would simply use the same circular for multiple stores rather than creating store-specific versions.

According to Argodale, this was impacting sales, as it prevented the company from demographically altering prices on strategic product lines, based on each store's target demographic.

Regulatory compliance challenges

Working with power tools and selling to the construction industry mean that Harbor Freight must be ready to handle product recalls if and when they occur. Yet without accurate and centralised product data, announcing and managing a product recall was a risky, costly and labour-intensive effort. And updating critical product safety information across all channels was extremely challenging, exposing the company to unnecessary risks.

Solution

"At first, we tried to build our own tools to solve these problems," said Argodale. "But all we were doing was applying more duct tape to an infrastructure that was in dire need of replacement."

In 2006, Harbor Freight set out to find a solution that would address its immediate needs in the areas of online, catalogue and promotional materials publishing as well as product information management. The company evaluated a number of systems and in the end chose STEP, Stibo Systems' master data management platform.

Said Argodale, "The decision to go with Stibo Systems was made before I came on board. However, I know that it was based on a number of factors. First, Stibo Systems had the best-fit Product Information Management (PIM) solution. And second, it was apparent to our leadership team that Stibo Systems was sincere in its commitment to helping us succeed. Our people flew to Stibo Systems' offices in Atlanta. They got to know the company and its people better and were impressed with Stibo Systems' integrity and candour about what its platform and applications can and cannot do."

One single repository for all product master data

In terms of product data alone, STEP provides Harbor Freight with one single location for all product master data. Seamless interfaces from STEP to all of the company's different databases—including its ERP system—ensure that all master data can be managed in one central location and fed automatically to all consuming applications and databases.

Moreover, STEP's tools and APIs automate all product data imports and exports, enabling the company to immediately push new approved products to its website, store signage applications, kiosk systems and point-of-sale application—a process that used to take days, sometimes weeks.

Beyond master data management

Besides having a better way to manage product data, Harbor Freight also takes advantage of STEP's print publishing interfaces and plug-ins to Adobe InDesign and other publishing tools. This allows it to import all the various products it wants to publish to a new catalogue directly into the page, saving valuable production time.

"STEP's add-on applications for publishing have been extremely beneficial for us," said Argodale. "They allow us to improve much more than data sharing among systems; they also enable us to more efficiently push product data to both online and offline channels. This important print and online publishing capability is not something I've seen in other MDM systems."

Elimination of redundant business processes

With STEP, Harbor Freight has also eliminated redundant business processes and streamlined many of its work-flows. For instance, prior to STEP, the merchandising team had to wait to review and mark up the design until the designers had laid out all the content

onto the page. This manual back-and-forth often led to costly delays and friction between merchandising and design teams.

Now, merchandisers can choose the template and layout they want to use from a pre-defined list and hand it over to the creative team. From there, merchandising can actually see real-time proofing and content within STEP before it ever gets to the page, saving valuable time and improving communications between the teams.

Improved consistency and quality of customer-focused product data

According to Argodale, accurate and centralised product master data has enabled the company to become much more agile in its ability to localise prices based on a specific store's target demographic. And individual stores can now produce better, more tailored promotions much faster and with greater accuracy.

"Prior to STEP, we were just happy to get a promotional piece out the door, regardless of what it looked like," said Argodale. "Now, we actually take the time to plan and craft enhanced ads that have more content, better layout, better design and more targeted messages. So it's not just the quality of our data that has greatly improved, it's also the quality and consistency of our brand."

Improved data governance and regulatory compliance

STEP has also helped Harbor Freight implement a governance process that ensures accountability for defined item data roles. By setting up data governance rules and best practices within STEP—and by instituting clearly defined accountability measures—the company can now ensure that the right products always have the right information associated with them.

"Improved data governance has been essential to enabling improved regulatory compliance," commented Argodale. "In the event of a product recall, we can now better track affected products by all necessary attributes, drastically improving reaction time, increasing customer loyalty and lowering risk exposure."

Online sales growth

Argodale also explained that STEP is a key strategic component of Harbor Freight's goal to grow online sales. Having a single version of the truth will enable the company to improve up-sell and cross-sell opportunities, provide more relevant product links, recommend complementary or similar products, and improve product categorisation for easier browsing and increased sales conversions.

Positive effect across the company

Beyond the benefits of improved data, Argodale said that STEP has also positively affected everyone from the marketing and creative staff all the way to the buyers and merchants. More important, it has positively impacted store and customer call centre performance.

"We have fewer inbound inquiries caused by confusing or erroneous information, and we're benefiting from more accurate information at the call centre," he said. "This is translating into happier customers and lower call centre costs, both of which we need in order to be an even stronger competitor against the big-box stores."

About Stibo Systems

Stibo Systems believes the future of business requires a Digital Business Core™ of operational data that is continuously shaped and delivered to produce superior business outcomes. Stibo Systems is the driving force behind hundreds of forward-thinking companies around the world who have unlocked the full value of their information; empowering business users to act with confidence in their data, adapt quickly to changing market conditions and go beyond to anticipate what's next. Stibo Systems is a privately held subsidiary of the Stibo A/S group, originally founded in 1794. Its corporate headquarters is located in Aarhus, Denmark. For more information, visit www.stibosystems.com