



Hilton CC business grows \$10,000,000 without increasing staff

Hilton Corporate Casuals (Hilton CC), headquartered in Lincolnwood Illinois USA, manufactures and distributes apparel and logo-bearing merchandise to companies all over the world. By providing its customers with LANSA-built shopping sites that adopt the look and feel of the sponsoring organization, Hilton CC has grown its business by 10 million dollars in two years, without increasing staff.

Tim Cronin, president of Hilton CC, says, "It is a triple win. The client gets a better price and better service. Our distributors can now service large accounts without the burden of order fulfillment and keeping inventory. We can grow our business with the same number of staff."

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The Challenge

Hilton CC has been in the business of manufacturing and selling of apparel wear for over 50 years. The majority of Hilton CC customers are advertising specialty distributors who have the relationship with their clients such as Shell Oil, Eas Gear, US Filter and many other well known names.



Hilton Corporate Casual

Jason Temme, Director of Operation at Hilton CC, explains, "One of the challenges we commonly face with our distributors is to convince them to present our product at a price we feel is competitive and not what the distributor feels the market will bear. Also their customer service, which should be their added value, was often not at a level that warranted a high mark up. This type of scenario can drastically affect repeat business."



Hilton Corporate Casual Clothing Range

"Moreover some of the larger distributors in the industry were eroding our market share and circumventing the industry 'supplier-distributor relationship' by having the merchandise manufactured overseas and importing it themselves. In some cases they even knocked-off our styles. Basically, some of our large distributors had become competitors. We needed to better manage our supply chain."

"We wanted to help our smaller distributors to go after big accounts. It is usually a local small advertising specialty distributor who has a relationship with a high volume buyer. Small distributors can handle special occasion or rush orders for a few hundred T-shirts, but don't have the resources to

handle the fulfillment of a large program. For example to service a three million dollar promotional products program for an account, the distributor would need extended credit with his suppliers and hold at least half a million dollars worth of inventory. The distributor would also need a call center to handle the orders of his clients. In this traditional setup a distributor in our industry may take a 30% to 40% percent profit margin/commission for its services."

"We also wanted to help our larger distributors to become more efficient. Their high turnover necessitates online access to order history on a cost center or location basis, to give them better control over inventory and asset management."

"We wanted to set up a Business-to-User application that would take away the burden of order fulfillment and keeping inventory for our distributors, and would provide better overall service to the end user as well. A major part of this solution would be hosting customized Web sites for online order & inquiry for distributors and their clients."

"LANSA made sense for real-time integration with our ERP systems."

After some research Hilton CC selected LANSA. "We needed a cost-effective solution that would allow us to keep using our existing iSeries applications," says Cronin. "This ability to extend and integrate with our legacy system was critical in terms of cost control as well as speed to market. LANSA's methodology and approach made the most sense for real-time integration with our ERP systems."

The Solutions

"LANSA developed a tool for us that allows us to build customized Web sites very quickly. We call it our Multi-Site Systems," explains Temme.

"Now we can go to a client's Web site and capture their graphics like logos and toolbars. We then run the LANSA tool and it prompts us with a series of questions regarding features and options that we want to provide that client with. Then we load the product graphics and the site is ready to go. We can usually build a company store with an average of 35 products in one week. That's built and tested and ready to go. The client can provide links to the site we host for them from their own Web site."

"The person purchasing items usually doesn't really notice that he or she left the company's own Web site. For example, when you go to the Shell Oil Web site and click on their eStore, you come to our server. But it looks like you never left the Shell Web site."

"Each client site lets you order products, receive online confirmation, check order status, and track shipments using a link to the Fed Ex or UPS tracking system. The system allows tracking of all orders, whether they're placed online, via mail, or over the telephone."

"One of our first uniform customers to use our Web site was Best Buy, the largest retailer of electronic goods, computers and appliances. We provide the uniforms to over 400 of their stores and distribution centers across the US. Best Buy only wanted to do business with state of the art vendors that can provide direct Web ordering to their stores," explains Temme. "And with LANSA and iSeries we can not just meet their sophisticated requirements, we can exceed them".

The Benefits

"By streamlining our distributors' supply chains," says Cronin "rather than our own supply chain, we have taken on more of a service role. Our distributor customers know their clients best, and by focusing on better serving our distributors we have seen our market share growing."

"We set out to serve our customers and ended up making things better for ourselves as well."

"We are now better positioned to get more business as we can support our distributors to go after any account they want, including very large accounts. We do the warehousing and fulfillment, we produce the catalogues, we do the mailings, we do the promotion and most importantly we develop and host the Web site. The distributor has less overhead and less expenses. They can now spend more time on their core competency, selling."



Buffalo Wild Wings Uniforms

"We have consolidated our operational functions and reduced our operational costs by eliminating redundant processing, and by integrating major and labor intensive business processes."

"Savings have been passed on to the end client. A polo shirt that formerly cost \$25 now costs clients between \$13 and \$15."

"This becomes very attractive especially in today's economy that isn't doing so well. Even after a reduction in a client's promotional budget, we are able to help them maintain exposure. It is a recession-proof model," concludes Cronin.

"Since the implementation of the first Web site, we have created 10 million dollars in new business, including big accounts like Best Buy, Shell, US Filter, Eas Gear and Buffalo Wild Wings," explains Temme.

When asked to quantify how this new business could be achieved with the same number of staff, Temme gives the following example, "For a large account we receive between 80 and 100 orders a day. Before we had the Web



Anti-freeze Sportswear

site we received those orders via fax and phone and we received a large number of inquiry calls as well. The average customer service representative can enter about 75 orders per day, as that same person may also answer inquiry calls. I would have to assign between one and two dedicated fulltime employees to that account. Now those employees can be assigned to other tasks in the company, allowing us to grow our business with the same number of staff."

"At the moment we have between 700 and 1,000 orders per day coming in over the Web. Before the Web site the average customer service representative could enter about 75 orders per day, as that same person may also answer inquiry calls. It is a major saving in labor for us and our distributors. We also save on phone bills, fax costs, equipment, office supplies and office space."

"But it is not about saving money. We now offer a better service to the distributor that includes order fulfillment and warehousing. And the client can check 24x7 what's going on with their orders."

Conclusion

"We believe that the service and distribution side of our business is the future of our company. So, while our core apparel manufacturing business continues to slow because of world economy changes, we continue to maintain our level of sales because of the new path we have taken," says Cronin.

"In this context of refocusing your business it is enormously important to know your customers well. We are finding more differences between customers than we are finding similarities. We use a VIP client approach and assign a single-point-of-contact person to each major client. The Web site provides us with critical information as well. We share all information and develop "hot-point" issue management techniques for problem solving."

"Knowing the customer and monitoring the satisfaction rate is the key to a long relationship. Customer Relationship Management (CRM) is becoming more important as prices get closer and the deciding factors are operational infrastructure and service," concludes Cronin.

Company and System Information



- Hilton Corporate Casuals (Hilton CC) manufactures apparel and promotional products decorated with a logo or message for company events and corporate programs. Hilton CC is headquartered in Illinois and part of the publicly owned K2 Inc. K2 Inc is a leading designer, manufacturer and marketer of brand- name sporting goods, recreational and industrial products. K2 Inc's revenue for the year 2000 was over \$670 million. Hilton CC's 2001 sales were approximately \$35 million.
- Hilton CC integrates LANSA with ACS Optima, an apparel specific ERP solution from Generated Computer Solutions In New York.
- Hilton CC uses a single AS/400 model 820ie for its operations and for hosting client Web sites. (Some clients have their own iSeries)

Only on Web version of case study:

Some examples of Hilton CC's public custom developed Web sites are

- Shell Oil at <http://shell.d2usolution.com>
- US Filter at <http://usfilter.2kond.com>
- Culligan at <http://culligan.2kond.com>
- EAS Gear at <http://gear.eas.com>
- AntiFreeze sportswear at <http://www.antifreezesportswear.com/>
- Hager Pro shop at <http://hager.2kond.com/>
- Buffalo Wild Wings uniforms at <http://bwwfr.2kond.com>
- Buffalo Wild Wing barbeque sauces at <http://bwwsauces.2kond.com>
- There are many more
- For more information about Hilton Corporate Casuals visit www.hiltoncc.com.
- For more information about K2 visit www.k2skis.com