

Chapter IX

Evolution of an Executive Information System: The Replenishment Data Warehouse at JeansWear

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CONTRIBUTIONS OF THE CASE

This case is a description of how a successful executive information system evolved into a data warehouse at VF Corporation, the largest publicly held apparel manufacturer in the world (www.vfc.com). The case discusses the forces that necessitated the development of this data warehouse and the challenges that the development team faced in achieving its goals. The data warehouse project occurred in a very volatile corporate environment. VF Corporation was reorganizing, which included the merger, splitting, and reassignment of all of its divisions. The data warehouse was conceived before the reorganization mandate, but occurred during it. This data warehouse has been very successful. It is estimated that about \$100 million in 1998 alone could be attributed to the improved decision making due to the data warehouse. In the context of the changing corporate landscape, it is pertinent that businesses be able to run important IS projects with longer time frames well. How VF handled this problem would be an important learning tool to IS students, as well as IS practitioners who want to learn more about developing an enterprise-wide data warehouse. This case is a useful teaching tool

intended for an upper-level undergraduate course in IS or an MBA course in management of IT projects, as well as a graduate course in IS that covers topics in data warehouse design and development.

EXECUTIVE SUMMARY

This case highlights factors that provided the impetus for changing a successful EIS into a data warehouse at the VF Corporation. The data warehouse was developed to aid JeansWear, a division of VF, with its point-of-sale/replenishment activities. The data warehouse provides greater reporting and OLAP capabilities, giving replenishment analysts a detailed and synthetic view of the marketplace. It is estimated that about \$100 million in 1998 alone might be attributed to the improved Replenishment decision making due to the data warehouse. The case discusses the basic concepts and architecture of this data warehouse and outlines the development process and the problems that the development team had to overcome. It also examines the essential role that this data warehouse is currently playing in the success of VF Corporation. Finally, the case outlines and discusses a number of factors that should be considered and questions that should be asked prior to initiation of a data warehouse project in order to assure a successful outcome.

BACKGROUND

VF Corporation (NYSE: VFC, www.vfc.com) celebrates its centennial year as one of the largest apparel manufacturers in the world. From its founding in 1899 as a maker of gloves and mittens in Reading, PA., to its multi-billion, multinational profile as a manufacturer of several types of clothing, VF has enjoyed steady and healthy growth. Net Income in 1998 was 388MM on sales of \$5.47 billion, a rise of 11% and 5% respectively. Earnings Per Share growth in 1998 was up 15% to \$3.17, well above the corporate goal of 8-10%. Return on average common equity in 1998 was 19.7%, continuing a run of return at or above 10% for ten of the last eleven years. The book value per common share was \$17.30 and management has set aside \$147 MM to repurchase stock, citing its belief that VF stock remains an excellent value.

Like many textile companies in the U.S., VF has moved much of its manufacturing out of the country. Fifty-seven percent of its sewing operations was non-domestic at the end of 1998. The company plans to increase this percentage in the near term, hoping to relieve pricing pressures and rising labor costs. VF plans are to grow sales to \$7 billion with growth rates of between 8-10%. VF plans to reach these goals through its policy of

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