

HON INDUSTRIES:

Straight To The Source

Furniture Manufacturer Saves Thousands Daily With Improved Transportation Logistics

HON INDUSTRIES Inc. is the nation's largest producer of mid-market office furniture and the third largest office furniture manufacturer in the United States. With revenues of \$2B, the company is well positioned in fast growing segments of its core businesses. HON INDUSTRIES provides its customers a broad selection of quality products, offering quick delivery, attractive prices, and a strong commitment to customer satisfaction and shareholder value.

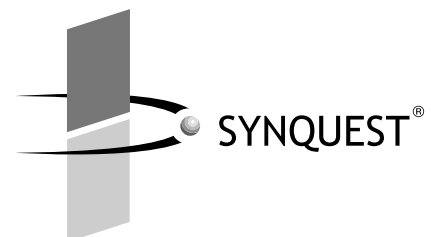
Increasing Costs, Decreasing Sales

In spite of its strong business results and well-respected brand names, HON INDUSTRIES recognized that operational improvements were possible especially with respect to complete and on-time performance, lead-time reduction, and logistics expense. Part of the problem was an order promising system that did not take all manufacturing and distribution capacities into account. Efforts at decreasing lead time led to increased transportation costs, since orders often contained items produced across multiple plants that had to be collected at a single distribution center.

"With 18 production facilities and six distribution centers throughout North America, it was important for us to look at the most optimal way to supply each individual order and provide quality service and cost savings to our customers," said Jack D. Michaels, HON INDUSTRIES' Chairman, President and CEO. "While others primarily focus on the cost of manufacturing, we expand our focus to the total cost of the supply chain, including manufacturing, transportation and warehousing."

Sourcing For The Lowest Cost

When HON INDUSTRIES purchased the SynQuest Dynamic Sourcing Engine, its initial goals were to improve responsiveness and reduce supply chain costs. The system was used to plan orders from inception to delivery, including all manufacturing, transportation and warehousing capabilities. Emphasis was placed on sourcing the order for the total lowest delivered cost while respecting all operational capacities so that complete and on-time performance could also be improved.



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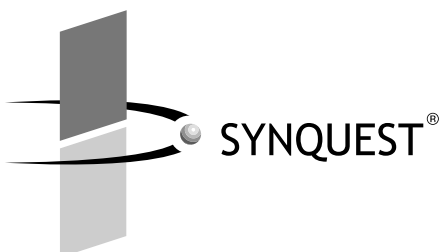
SynQuest took into account all HON INDUSTRIES' production capacities, transportation capacities, outbound shipping capacities, inbound receiving capacities and storage capacities. Plans were generated based on the manufacturer's actual resource availability. "Unlike other supply chain planning applications that generate plans based on standard lead times and fixed sourcing, the SynQuest application takes into account multiple sourcing options including our on-hand inventory and production capacities throughout the supply chain," said HON INDUSTRIES' Chief Information Officer Malcolm Fields, Ph.D.

The Dynamic Sourcing Engine also identified exactly which customers would be affected by activity at any point in the supply chain, highlighting the customer service and profit implications of changes to the plan. "The software allows us to source demand based on current conditions in the supply chain. This helps us ensure on-time delivery to our customers while still adhering to our lean manufacturing principles," Fields said.

During implementation, it became obvious that individual plants had been optimizing their own schedules to the detriment of overall expenses. With SynQuest, the company was able to shift the focus from asset utilization to plan execution. Within eight months HON INDUSTRIES was creating reliable plans for sourcing product at the lowest possible cost, the shortest possible lead-time and the highest possible on-time delivery. In some cases, on-time delivery improved by 30 percent, while transportation and logistics costs dropped by thousands of dollars each day. Supply chain process improvement have produced savings in the millions.

"We rely on cutting edge technology like SynQuest to help us navigate the strategic growth of HON INDUSTRIES and to keep us focused on our goal of creating long-term shareholder value," Michaels said.

HON®



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**Malcolm Fields, Ph.D.
Chief Information Officer
HON INDUSTRIES**