



MEP GROWTH SERVICES
INCREASING MANUFACTURERS' TOP LINE



Rosewood Industries

Within just a few months of its initial Eureka! Winning Ways® session, Rosewood Industries is projecting huge gains from the team's new ideas—as much as 50% growth in sales in 18 months, and 70% growth in 3 years.

Client Profile

Rosewood Industries is a manufacturer of custom wood cabinetry for kitchen and bath residential use. Located in Stigler, Oklahoma, the company employs 80 people and averages annual sales of \$6 million. Rosewood is privately held and has been in business since 1988.

Rosewood had enjoyed steady growth in the 15-20% range over the past several years, and had reaped the benefits of the 2005 booming economy and residential market with a single-year giant growth jump of 73%. Since then, things had settled down, and the company was presented with an opportunity to participate in the Eureka! Winning Ways program. What they thought would be assistance in marketing—which President James Love claimed “we were clueless in”—turned out to offer much more to Rosewood: the identification of their strengths and learning how to capitalize on them as growth opportunities.

MEP's Initial Growth Services Offering: Eureka! Winning Ways

Building upon our success in helping manufacturers reduce their bottom-line costs through process improvements, MEP is now focusing on growth in top-line sales for manufacturers. Eureka! Winning Ways is the first of the MEP Growth Services to be introduced. Developed in partnership with Doug Hall of Eureka! Ranch in Cincinnati, Ohio, the program is the first scientifically based process to guide companies to systematically and significantly grow their businesses. Specifically, the program provides a disciplined methodology and analytical tools to create new ideas, discovery market opportunities for these ideas and efficiently drive the best ideas into development.

Ideas Pursued

In Rosewood's first Eureka! session, the team came up with dozens of ideas that they whittled down to two to explore in the discovery phase:

- more -



MEP • MANUFACTURING
EXTENSION PARTNERSHIP

1-800-MEP-4MFG
www.mep.nist.gov

1. Outdoor Kitchen Cabinetry. Rosewood could take its high-end cabinetry to the growing market in high-end residential outdoor kitchens. To accompany and outfit these outdoor kitchens, the company would explore fabrication and finishing that would work in an exterior setting.
2. Online Order Tracking System. The company knew that its customer service department spent many hours each day helping customers track orders in the production pipeline. An online tracking system would free up staff capacity for other projects and also be a value-added tool for sales representatives and customers that would help Rosewood to stand out among its competitors.

Results

In their 30-day discovery phase, the company learned that most outdoor kitchens feature stainless steel for their cabinetry. Rosewood determined that using that material would be beyond its area of expertise. So while the market had seemed like it might offer great potential, Rosewood decided to not pursue it.

The online tracking system, on the other hand, proved to be, according to James Love, "ridiculously simple." They had thought such a system would be complex to set-up and administer, but quickly learned that their existing software had the capacity to add this new component. The company has been building the system so that every stage in the plant will monitor and update all orders, and the fully functional and integrated system will be operational in January 2008.

The online tracking system will enable Rosewood to capture additional market share with very little investment. Dealers have already told the company that they are looking forward to being able to track their orders' status online. Internally, the customer service department's freed-up capacity will provide opportunities for cross-training and increased capacity. Rosewood projects these benefits could add 10-20% in sales from existing sales, and attract many new dealers.

In addition, this idea has lead Rosewood to pursue an offshoot idea: an online ordering system. The company's customization options are currently being built into the system, and Rosewood expects to offer it to customers for orders by April 2008, just in time for peak orders for summer delivery.

This online ordering will add an attractive benefit for Rosewood among kitchen and bath dealers. Love projects 30-35% growth from this system in the first year.

The only thing that will slow down the company on their path to deploying these ideas—and others for growth—immediately is a fire that broke out in the plant's finishing room. While fortunately no one was injured, the fire did damage equipment and the plant itself. New equipment was installed, the finishing department was relocated, and the company was quick to get its operation up and running again to full capacity to keep orders moving. Reconstruction of the damaged section of the plant is scheduled for completion by late spring 2008.

When that happens, Rosewood expects to reload their growth pipeline via another round of the E!WW program, to arm its new more aggressive growth philosophy and look toward new markets. In three years after the new facility opens, Love projects a 60-70% growth from online ordering could bring Rosewood to \$10 million in sales.

Reaction to Eureka! Winning Ways and MEP Growth Services

"This program gave us an approach to pin down what we do well and convert that into new opportunities. Then it taught us how to filter through those ideas to identify the best ones to work with. We learned how to

choose new avenues for growth that fit with our corporate philosophy, and we became convinced that big growth comes in new markets, not with our existing customers. Serving them well is important, but we now realize that we will only get limited sales growth from them, so we need to look always to new markets.

"Now we have a process to generate and filter and pursue ideas, and a much more aggressive growth philosophy that has made us realize that we can be so much bigger than we are today."

For More Information

James Love, President & CEO
Rosewood Industries
918-967-3306