



Cueros Vélez: Streamlining Inventory Management, Accelerating Financial Closings with SAP® ERP

For a consumer products company to ensure profitability, it must first and foremost be able to ensure streamlined inventory management and **fast access to accurate, timely operational data**. This was the case for Colombia, South America–based Cueros Vélez S.A., a specialist in leather goods with 150 points of sale in different countries. To achieve this, the company implemented the SAP® ERP application.

Executive overview

Company

Cueros Vélez S.A.

Headquarters

Medellín, Colombia

Industry

Consumer products

Products and Services

Leather goods, including accessories, shoes, and clothing

Employees

1,820

Revenue

US\$62.3 million

Web Site

www.velez.com.co

Partner

MQA

BUSINESS TRANSFORMATION

The company's top objectives:

- Integrate business processes company-wide
- Improve control of distribution, logistics, and inventory
- Integrate points of sales with headquarters and ensure reliable information

The resolution:

- Implemented functionality from the SAP® ERP application for financials, finance and trade management, procurement, inventory management, production planning, maintenance, and quality control
- Worked closely with 20 partner consultants and 30 employees from Cueros Vélez
- Conducted thorough end-user training in every store

The key benefits:

- Standardized processes; rapid access to accurate data
- Streamlined inventory management; consolidated data
- Faster financial closings, improving spend forecasting and budgeting

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TOP BENEFITS ACHIEVED

20%

Reduction in inventory

26%

Reduction in days in inventory

30%

Faster financial closings (5 days versus 15)

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“Now, we can profile costumers per region, which helps us manage our inventory and stock better. This means a rise in the company's profitability.”

Rosana Díaz Leal, Head of IT, Cueros Vélez S.A.

Executive overview

Company objectives

Resolution

Business transformation

Future plans

The need for integrated processes and fast access to information

Cueros Vélez S.A., headquartered in Medellín, Colombia, began operations in 1986. Today, it has 150 points of sale throughout Colombia, Venezuela, Panama, Costa Rica, Guatemala, and Ecuador. It mainly manufactures and sells exclusive handmade leather goods, including shoes, coats, belts, bags, and accessories.

With operations in several countries, the company needed to integrate its business processes

company-wide while ensuring access to reliable and timely data – a critical success factor, due to the fluctuating costs of materials and the need for faster financial closings. And, by linking the different points of sale with its headquarters, Cueros Vélez would be able to support business decisions more effectively.

It was also vital that it achieve more control over distribution, logistics, and inventory management to sustain profitability.

“After implementing the SAP ERP application, we managed to shorten the time it takes to complete our monthly financial closing. What used to take 15 days is now completed in 5.”

Rosana Díaz Leal, Head of IT, Cueros Vélez S.A.



Executive overview

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A range of functionality for well-defined, standardized business processes

To address these challenges, Cueros Vélez decided to implement a range of functionality from the SAP® ERP application to support financials, finance and trade management, procurement, inventory management, production planning, maintenance, and quality control.

It chose the SAP software because it was the only solution that offered good integration, enabling Cueros to link processes between different business areas and units. It also liked the fact that the application provided the flexibility to support the varying requirements of its multicountry operations.

The implementation was completed in nine months and involved 20 consultants from partner, MQA, and more than 30 Cueros Vélez employees, who actively participated in the project.

The implementation team began with a thorough analysis of the company's business processes; it then focused on cleansing master data to ensure effective information management.

In the final stages of the project, the team performed more than 200 system assessments to ensure optimal performance, focusing on the various areas of SAP ERP functionality set for deployment. It also conducted thorough user training, with 33 key employees selected to transfer knowledge to end users at each of the stores.



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Greater visibility of information for smarter decision making

By implementing SAP ERP, Cueros Vélez gained greater efficiency throughout the company. Now, with fast access to transparent, reliable information company-wide, Cueros Vélez can ensure more accurate decision making and leverage new opportunities.

Moreover, by having the ability to document items by size and color, the company can keep better track of inventory. It also has the tools it needs to analyze profitability per product, which also supports smart

decision making. In addition, with better insight into customers' purchasing habits and histories and the ability to assess behavior per region, Cueros Vélez can respond to demand far more effectively and quickly.

Financials closings are faster as well, which enables management to forecast spend better and budget more accurately.

KEY BENEFITS

245%

More units delivered per month

30%

Faster financial closings (5 days versus 15)

26%

Reduction in days in inventory

100%

Reduction in inventory (product components)



Executive overview

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Resolution

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A solid foundation for expansion into other markets

Cueros Vélez's overarching strategy is to preserve its position as Columbia's leading seller of leather goods while reinforcing its presence in the other countries where it currently operates. Over the next few years, however, it wants to increase brand awareness and expand its business to include distribution in a total of 12 or more countries.

With the SAP ERP application, Cueros Vélez got the IT foundation it needed to streamline its business processes and ensure access to reliable and timely information – which will enable it to increase profitability and sharpen its competitive edge going forward.

