

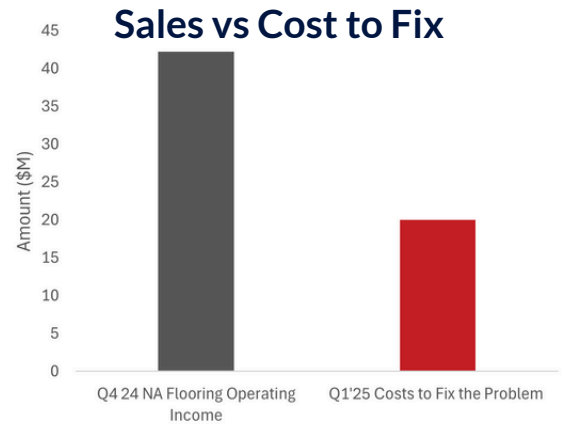
Mohawk Industries

Failed ERP Go-Live

Project Summary

Mohawk Industries is an \$11.8B flooring manufacturer with 43,000 employees and operations in 18 countries. As part of a major digital transformation launched in 2019, Mohawk embarked on replacing its legacy AS400 CAMS system with S/4HANA on Linux, leveraging the BTP integration platform. The Go-Live involved the implementation of S4 to replace the Order Management Systems for the NA Flooring Business. Notably, the project proceeded without a major systems integrator, marking its first significant core ERP Go-Live.

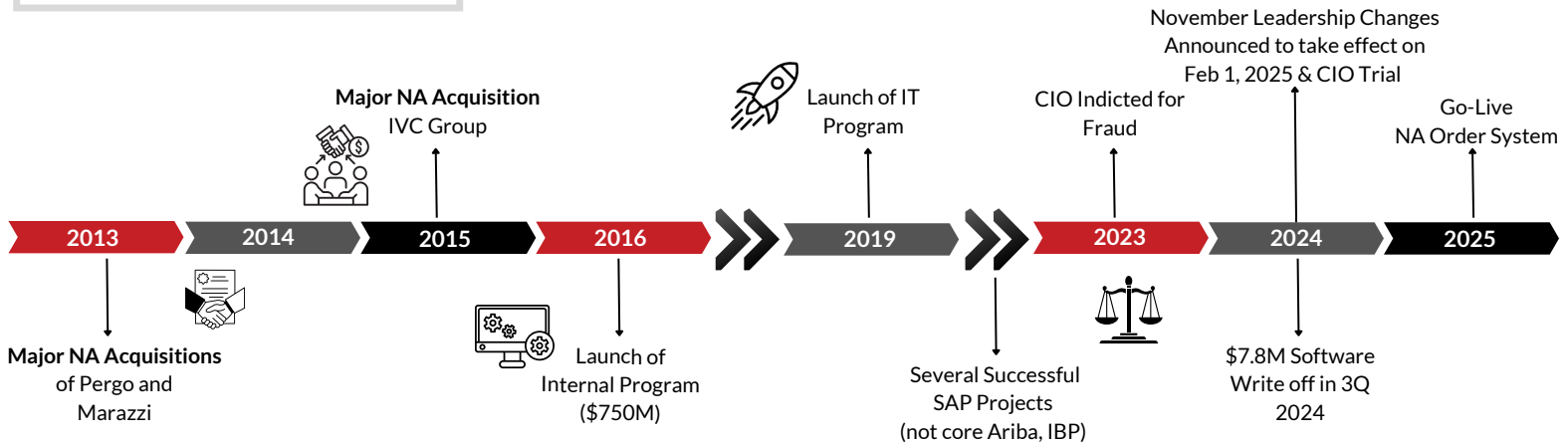
The initial Go-Live appeared successful, but issues soon emerged in shipping and billing, forcing a reversion to the legacy system. Despite this rollback, the company estimates the impact on their 2025 first quarter operating income from extraordinary costs will be between \$15 Million and \$20 Million and they anticipate a sales impact of \$25 Million to \$50 Million in the first quarter. The cost of failure is roughly 50% of next Quarter Operating Income and 5% of next Quarter Sales.



Key Decisions

1. Pressure to meet deadline may have rushed Go-Live
2. Readiness assessments and key safeguards may not have been fully leveraged
3. Complex legacy integrations may have created complications
4. Potential distractions from ongoing legal situation involving former CIO

Project Timeline



Company Background

- Headquartered in Georgia
- Operates in 18 countries
- \$11.8B in revenue
- 34 NA Warehouses
- 43,000 employees
- Sponsorship of H1B Visas

Key Takeaways

- Never Rush a Go-Live
- Ensure Legacy System Compatibility
- Invest in Proper Business Operation Controls and Monitoring
- Prioritize Readiness and Independent Risk Assessments
- Have a Contingency Plan
- Invest in Business Simulation Cycles

Possible Contributing Factors

- Budget and schedule pressure
- Lack of true readiness awareness
- System logic failures
- Loss of supply-chain integrity
- Business simulation cycles
- Business & operating controls monitoring
- Independent reviews

*This is a compilation of publicly available information and our independent research analysis.