Cut for Growth

How Austin Cutlery & Tool and its flagship brand Cangshan Cutlery wrote the next chapter in their growth story with SAP Cloud ERP.

At a Glance:

Founded:
2015

Industry:
Manufacturing & Distribution

Employees:
47

Transaction volume:
Transaction volume: Average 2,500 transactions per day, handling much higher during peak season

Today, Cangshan Cutlery operates as part of Austin Cutlery & Tool, a Georgetown, Texas-based parent company that unites Cangshan Cutlery, New Star Foodservice, and Artaste under a single manufacturing and innovation platform. Austin Cutlery & Tool was established to support a long-term vision for American manufacturing, combining global supply-chain expertise with a growing domestic footprint in Central Texas. The transformation described in this story helped lay the operational foundation for that vision.

By P. Scott Kowalke

Cooking is about more than food. It is about telling a culinary story. So when Henry Liu founded The Cangshan Cutlery Company after running a successful commercial food supply products business, he naturally focused on the story. Today, Cangshan serves as the premium cutlery brand within Austin Cutlery & Tool, alongside New Star Foodservice and Artaste.

The Cangshan Cutlery story is about bringing the beautiful function of artisanal cutlery to the hands of every chef at an affordable price, whether that chef is Michelin-starred spokesman Thomas Keller or a suburban mom cooking dinner for four. To achieve this goal, the company's knives are hand-crafted at scale in regions renowned for craftsmanship; first, Cangshan manufactured its knives in Yangjiang, China, which has a 1500-year tradition of fine cutlery, then expanded to precision manufacturing facilities in Solingen, Germany, and Seki, Japan.

Part of this story is also about the relationship the company has with its customers.

> "Our strategic anchor is customer intimacy," says Rick Loofs, chief operating officer for Cangshan. "We disrupt a pretty stodgy industry by providing not just an amazing product, but also an amazing experience when they interact with us. Independent retailers tell us that we're the only team that regularly visits them, so they get excited about the product but also about company engagement."

This company's story is a relatively easy sell, but overcoming bias as a foreign manufacturer operating in the US market took some finesse. So in early 2023, Cangshan began pursuing a vision that has since evolved into Austin Cutlery & Tool's broader commitment to American manufacturing. The company invested in a state-of-the-art facility in Georgetown, Texas, where Austin Cutlery & Tool is preparing to launch domestic manufacturing operations in 2027. This initiative represents a significant investment in local production, advanced manufacturing capabilities, and skilled jobs in Central Texas. This would require not just a new facility, but also better backend systems.

Cangshan already needed a more robust enterprise resource planning solution for its US distribution operation. It had stitched together cross-border operations with a small business ERP solution, SAP Business One, but there were numerous operational weaknesses because this constellation was combined with poor implementation.

> "We had a system, but really it was only half-implemented," says Ryan Loofs, the engineering and quality manager for Cangshan. "It would store a little bit of data and process most of our orders, but we had to take everything out of the system to do our work and make our calculations. Really, we were running the business on spreadsheets."

The existing system lacked integration with overseas manufacturing operations and robust financial processes, limiting visibility, control, and automation. Crucially, Cangshan's setup could not easily integrate with a warehouse management system (WMS), which led to low inventory accuracy and difficulty tracking and managing supply. Cangshan had custom-coded solutions for cycle counts, but they weren't effective or reliable.

This system did not offer the scalability needed for future growth, especially as Cangshan moved toward manufacturing in the US. So the company began looking for a more comprehensive solution.

Cangshan Discovers SAP Cloud ERP

Building the future of the company with an SAP backend was not expected. The Cangshan leadership had experience with an older version of SAP's flagship ERP from previous employment, so it knew the robustness of SAP solutions. But this prior exposure, combined with the company's current mess, created bias.

> "The other SAP system we knew was very capable, but it was cumbersome and expensive," explains Rick Loofs. "We also had a bad experience with our earlier integrator, so frankly, SAP was off the table."

Despite this bias, a structured and thorough evaluation conducted by the company over several months came back with SAP Cloud ERP (S/4HANA Cloud Public Edition) as the leading candidate.

> "The transformation of the user interface, the easy access, and the integration of new and emerging technologies, even AI tools on the horizon, really sold us on SAP," says Ryan Loofs. "SAP's forward-thinking approach to technology aligns with where we want to be as a business."

In particular, the integration with SAP Embedded Warehouse Management proved a selling point, as did the dashboards and overall operational visibility.

“It was what we needed to get back on track,” he says. “The data accessibility and ability to move through it quickly is really unlike anything I'd seen in an ERP system before. Only a couple of competitors came close during evaluation, but SAP S/4HANA Cloud Public Edition clearly won.”

As SAP crept back into the conversation, a deciding factor became the GROW with SAP program, one of the company’s two comprehensive packages for simplifying and accelerating the transition to SAP Cloud ERP (S/4HANA Cloud Public Edition).

“We knew that the system was capable and it would allow us to scale our business over time,” notes COO Rick Loofs, “but we didn’t know about the SAP GROW strategy at first. Frankly, I had never heard of it, and GROW is just brilliant.”

Another deciding factor was implementation support.

Burned by their last integrator, Cangshan evaluated different ERP implementation partners as it looked at various ERP solutions. The company looked at both cost and ease of implementation, but also they evaluated how much a support partner would coach them through the process. They wanted support that matched the care they gave their own customers.

“We really needed a partner who could come in and tell us that what we were proposing was not a best practice,” explains Kevin Langford, operations project manager at Cangshan. “We needed people who would tell us straight.”

Poor implementation support was one of the reasons they had ruled out SAP originally.

“But then SAP introduced us to Navigator Business Solutions, and it was like night and day,” explains Rick Loofs. “The ERP system has to deliver, but it was Navigator that made the difference for us. We wanted the SAP solution because we wanted Navigator as a business partner.”

A Smooth Implementation with Reengineered Business

The heavy lifting during ERP implementation was process re-engineering. Cangshan wanted industry-standard processes, not its existing bespoke workflows that were functional but created operational friction.

> “We wanted world-class operational best practices instead of lots of customization so we weren’t fighting against the system and pushing problems down the road,” explains Langford.

Navigator walked the Cangshan implementation team through the discovery process using process examples from other SAP implementations, and collectively, Cangshan and Navigator mapped out efficient, industry-standard processes for the general ledger, inventory, and how the different companies in the Cangshan universe could marry together in the system.

> “Navigator was able to take us through a pretty comprehensive discovery process,” says Langford. “They were outstanding about communicating the path to get us where we wanted to go.”

After this process re-engineering, system configuration and integration were relatively fast and straightforward because they were based on standard methodologies already supported by the system.

The ERP systems upgrade project was started in August 2023 and completed 11 months later. Rollout was smooth, integrations performed as expected, and Cangshan was successfully fulfilling orders with the new system on the day it went live.

> “We were thrilled,” says engineering and quality manager Ryan Loofs. “We probably could have implemented several months sooner if not for developing new business processes and putting those in place. But we weren’t ready as a business, so Navigator helped us reach that maturity point before we went live.”

Enhanced Visibility, Efficiency, and Growth Potential

Upon rolling out the new system, Cangshan found that inventory accuracy was a big win. With the integrated warehouse management system and new barcode scanning, Cangshan improved inventory accuracy from 76 percent to 98.5 percent.

> “Prior to SAP S/4HANA Cloud Public Edition, we really had no visibility,” says COO Rick Loofs. “Even that 76 percent number was a makeshift calculation because we couldn’t estimate our accuracy. It wasn’t good.”

Visibility and operational efficiency have improved dramatically overall, not just with warehousing. Key metrics such as customer returns are now available in real-time instead of taking a day to compile. Troubleshooting manual orders from small customers now happens in minutes, not hours or days.

Then there is scalability. SAP Cloud ERP has helped Cangshan double its daily shipment volume.

> “The holiday season is big for us,” says Ryan Loofs. “This year we shipped upwards of 1500 parcels per day, up from 600 to 800 before. I’m confident we could ship substantially more, too, which speaks to the scalability we were trying to achieve.”

SAP Cloud ERP has set the table for future growth in other ways as well. With a scalable backend now in place, Cangshan is looking into advanced business intelligence and analytical customer relationship management, as well as a completely automated fulfillment system using RFID tags. This is possible because SAP Cloud ERP easily expands with applications and integration libraries found on the SAP Business Technology Platform marketplace.

The scalability delivered by SAP Cloud ERP extends beyond a single brand. As Austin Cutlery & Tool continues to unite Cangshan Cutlery, New Star Foodservice, and Artaste under one operational platform, the company now has the visibility, controls, and flexibility needed to support growth across multiple product lines and channels while preparing for domestic manufacturing expansion.

“Some of the stuff we’ve seen with Joule gets me really excited,” says Ryan Loofs. “There's a ton of opportunity for machine learning and algorithmic intelligence. The ability to use a natural language query to learn how to enter a purchase order in the system or even process transactions that way is going to make our business much more efficient and effective.”

With a future-proof ERP backend in place, Cangshan Cutlery and the broader Austin Cutlery & Tool organization are ready to write the next chapter in its story. As the company prepares for domestic manufacturing operations in Georgetown and continues building a portfolio of market-leading kitchen and foodservice brands, SAP Cloud ERP provides the foundation for long-term growth, innovation, and operational excellence.