When Custom Isn’t Custom

Wood Products at Vigilant, Inc.
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President and Founder

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When Custom IS Custom!
Shelly’s Back Room
Washington, DC
Vigilant History

- Started in 1994 in a Portsmouth, NH garage
- First year revenue exceeds $200K
- One-product company for first two years
- 1996 evidence of unique customer “needs” appears
- By 1997 expansion into multiple lines, options
- 1997 revenue hits $600K with 12 products
- 1999 revenue of $1.1 M with 21 products
Tastes vary. Humidity shouldn’t.

No matter what size, shape, or style of humidor you prefer, there’s one thing that should always remain the same. The humidity level you’ve set. That’s why each Vigilant humidor is controlled by an advanced automated humidification system, complete with a digital set-point display, “light-on-fill” light, and emergency reserve. Whether you purchase one of our desktop humidors, end table cabinets, display cabinets, or custom humidification systems, your cigars will enjoy the same exceptional humidity control. Before any of our humidors are shipped, they spend 24 hours under the scrutiny of our data logger, which records temperature and humidity levels in one-minute intervals. This is how we ensure that each of our humidors will maintain your cigars at your preferred setting—and why we back our products with the best warranty in the industry. So while you’ll find that Vigilant humidors come in a variety of sizes, styles and finishes, you won’t find any variation in the quality of your cigars. That’s why Vigilant has quickly become the standard by which other humidors are judged. Call us today at 1-888-366-2033 for a free catalog displaying our complete line of fully automated humidors, starting from $1,100.

Desktop Humidors • Cigar Cabinets • Humidification Systems
Dealer and Wholesale Inquiries Welcome.
Vigilant, Inc. • 17 Old Manchester Road, Goshen, NJ 07930 • 1-888-366-2033 • www.vigilantinc.com • © 1997 Vigilant, Inc.
Early Marketing Model

• Sell directly to end users and tobacconists
• *Cigar Aficionado* magazine advertising
• Publish our own catalog in 1996
• Telesales is critical selling tool
• Early signs that customizing would be key to growth
• First website goes live in late 1997
1995-2004
Vigilant Enters Wine Storage Business

- Cigar cabinet market plateaus in 1999
- Enter wine cellar business in 2000 through acquisition
- Established competitive landscape
- Design/build dynamics of sales process
- Manufacturing process totally different
- Challenge of shipping a disassembled product
Mass Customization at Vigilant

- Sport cabinet website in 2002
- Build-your-own cabinet functionality
- Limited commercial success, but! . . .
- Overwhelming customer feedback
- Positive internal efficiencies
- Forced us to standardize where we hadn’t before
Early Java Script Web Builder


The Vigilant standard line of gun cabinets takes the guess work out of selecting the cabinet that is right for you. All of the interior parts are hand made of mahogany and finished with a durable lacquer finish. Our team of designers and custom cabinetmakers will gladly design and build you a cabinet that fits your tastes and needs. We work with almost any wood species and can match almost any finish. Let us provide you with a custom design and proposal.

24" Gun Cabinet  
Starting at $2395

36" Gun Cabinet  
Starting at $2695

48" Gun Cabinet  
Starting at $2995
What Makes It “Custom”?

• Size (internal standards, external reasons)
• Shape (dimensions that make sense with shared parts)
• Internal parts (same parts, different quantities)
• Three to four standard colors
• Appearance (same box, different look)
• Hardware options
Vigilant Mass Customized Products

- Sport Cabinets
- Kit Wine Cellars
- Custom Wine Cellars
- Wine Cellar Doors
Mass Customization and the Web

Design-your-own interface allows:

• 24/7 customer access
• Reduced burden on company resources
• Virtual relationship with prospects
• Lead generation and conversion mechanism for sales department
• Infinite possibilities into standards
Current Door Builder

Current Design-Your-Own Cellar

![Vigilant Design Your Own Cellar](http://winecellars.vigilantinc.com/design-your-own-wine-cellar.php)

**Classic Marseille Wine Cabinet Kit Package**

Capacity: 185 bottles | Dimensions: 69.63 x 34.25 x 77.5

The Marseille dark oak wine cabinet kit package makes a great focal point in any wine area and accommodates 80 bottles of your favorite wine in individual cubbies behind tall height glass doors. This assembly blends beautifully with Vigilant wine racking and can be accented with other decorative components above.

**Cellar Settings**

- **Floor Size**
  - Width: 240
  - Depth: 240

- **Cellar Height**
  - Classic Mahogany
  - Estate Mahogany
  - Classic Pine
  - Estate Pine

- **Cellar Finish**
  - Natural
  - Shaker Maple
  - Chestnut
  - Cellar Lacquer

**Total:** $8868.00
Obstacles to Mass Customization

• Upfront costs and follow-on costs
• Internal and external standards must be created
• Marketing messages must be in lockstep with operational capabilities
• Changes can be painful!
• Lead times need to work toward zero
• Custom must appear custom
Mass Customization and Lean

- Lean MUST be part of mass customization
- Standardization of parts
- Create a “pull system”
- Incorporate Kanbans
- Integrate with front-of-house (e.g., sales, marketing)
- Standard parts mean standard costs
- Commit to speed EVERYWHERE!
Wine Panel Kanban
Wine Panel Kanban
Wine Solid Wood Kanban
Hardwood Sorting
### Diamond Bin Table

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<th>CURRENT</th>
<th>MAX</th>
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<tbody>
<tr>
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<td>16</td>
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</table>

F2 / B2  11 7/8 x 44 9/16
Benefits of Mass Customization

- Increases efficiencies
- Increases throughput speed
- Reduces lead times
- Simplifies internal processes
- Improves price and product competitiveness
- Forces positive internal change
- In time, improves gross margin
Conclusions

• Mass customization can be a powerful competitive tool
• It requires hard work and planning
• It starts with the customer and must work its way through the entire organization
• Not everything can be mass customized, but a healthy percentage will bring profitability