

ABC Computers, Inc. Microsoft Dynamics Case Study



Michigan personal care products distributor grows to #1 in the nation with Dynamics NAV

Customer: Continental Fragrances Ltd

Web Site: www.salongrafix.com

Customer Size: 12 employees

Industry: Distribution: 4242 –
Druggists goods merchant wholesalers

Customer Profile

Continental Fragrances Ltd is the parent company for The Salon Grafix hair care line. Salon Grafix was developed to offer high-quality, yet affordable hair care products to the masses. Company president John Petchul began cultivating the idea in 1983, big hair was not just a trend for some; it was the standard for all. People would run through cans of hair spray at breakneck speed in order to maintain the latest styles, but while everyone wants to look good, no one wants to spend their life savings doing so. That's where Salon Grafix Shaping Hair Spray fit in. Salon Grafix Shaping Hair Spray offered the salon quality that people wanted without the high price tag. Salon Grafix is now the **#1 brand of aerosol hair spray sold at retail stores across the United States** and has recently become available in Canada.

Software and Services

Microsoft Dynamics NAV, 10 users
Microsoft SQL Server 2005
Windows Server 2003
Microsoft Office Integration System
Lanham EDI and eShip

"Dynamics NAV has allowed Continental Fragrances Ltd to grow without adding additional staff by allowing flexibility to change, adapt, and become more efficient."

- Deborah Petchul
Vice President

Business Needs

As Continental Fragrances revenues grew and the increasing regulation surrounding aerosol created challenges with inventory, Continental Fragrances needed enhanced vision into their manufacturing plan, on hand inventory, and efficient order fulfillment to deliver on the demands of their expanding business.

Shipping was a considerable cost to Continental Fragrances. An electronic shipping solution could help reduce extra charges, reduce redundant entry, help find the best pricing, and accurately calculate proper freight charges.

EDI integration with an ERP system would reduce double entry and improve order turn-around time. Since EDI is the standard by which most of Continental Fragrances large retailers do business, this was a key strategic piece in Continental Fragrances information system.

Inventory management was difficult due to long lead times. Continental Fragrances needed tools to manage their net inventory to ensure the desired level of customer service and on time delivery commitments.

Customer Challenges

Continental Fragrances was unable to easily retrieve accurate and timely data for sale/inventory/ profit analysis and financial reporting.

The inability to do efficient inventory planning resulted in Continental Fragrances carrying significant additional stock levels to ensure customer satisfaction.

Import and export of EDI related information was being manually entered between separate systems.

Tracking ship-to addresses for multiple bill-to customers required the Ship-to addresses to be repeated for each Bill-to resulting in duplicate data and huge labor inefficiencies.

Solution

ABC Computers' ERP team worked closely with Continental Fragrances to leverage their implementation of Microsoft Dynamics NAV.

Reduce Inventory: Microsoft Dynamics NAV looks at Continental Fragrances net inventory to ensure that proper levels are maintained to achieve customer service levels without committing unnecessary financial resources to inventory.

EDI: Impressive productivity gains were realized using Lanham's integrated EDI system. Orders are brought in automatically to Dynamics NAV and at time of shipment ASN's and invoices are sent automatically. This has resulted in a reduction in order turn-around time, and elimination of order entry mistakes.

Shipping: Continental Fragrances can ship direct to FedEx and UPS using Lanham's integrated eShip solution. It eliminated double entry of data and provided customers with tracking information.

Reporting: Using Microsoft reporting tools right within Dynamics NAV, Continental Fragrances now has the ability to provide accurate and timely access to sales, financial and inventory information throughout the organization.

Results Achieved

Continental Fragrances has realized a significant business impact from addressing Inventory, Order Scheduling, EDI, Shipping and reporting.

EDI Return On Investment (ROI)
A positive ROI was realized in 10 months after the EDI solution was deployed.

All EDI processing is integrated automatically into Dynamics NAV eliminating re-entry of information and importing and exporting of files.

Shipping (E-Ship)
Using the e-Ship solution has enabled Continental Fragrances to increase their level of customer service by providing customers with their shipment tracking information via email along with the bill-of-lading.

Proactively providing this information has resulted in a reduction in number of customer services calls. E-Ship also resulted in tremendous labor savings in the UPS / FedEx parcel shipping area. The software allowed packages to be shipped directly from inside Dynamics NAV. This eliminated re-entering addresses in the shipping systems and tracking numbers back into Dynamics NAV. The labor savings were over 50%.

The savings from the EDI / E-Ship project will result in an ongoing annual savings of over \$100,000.

Labor Improvements

Due to the efficiency gains from deploying Dynamics NAV, Continental Fragrances has been able to grow year over year without adding additional staff. With YOY growth of 12 to 23% in product sales, there was no increase in staff in the shipping, A/P, A/R, and Purchasing/ Planning areas and negligible increase in warehouse employees.

Inventory

Continental Fragrances procures 80% of their components domestically and are able to compete and many times beat overseas sourcing options.

Now Continental Fragrances only orders the right quantities for what they need when they need it.

Using Dynamics NAV, Continental Fragrances' significant sales growth has been possible while still effectively managing inventory.