Ready, Set, Go for Growth

Seven distributors reveal the secrets of their success

EPICOR.

North American Distributors Reveal How to Keep Growth on the Agenda

Although the distribution industry as a whole is cautious about growth, a survey recently conducted by MORAR Consulting on behalf of Epicor Software Corporation (Epicor)* found that a majority of the respondents did grow in the previous 12 months. Our report on the research, *A Positive Growth Mindset for Distributors*, identifies key factors that distributors cited as essential to their success, and risks that they believe could threaten growth.

In this eZine we've compiled seven stories from distributors in North America, illustrating how Epicor® business solutions are helping them leverage success factors and grow effectively.

Read on to discover how businesses like yours are:

▶ Taking advantage of good planning, agility, the technology, and the skills of their people to maximize growth opportunities

▶ Avoiding lack of managerial insight, the challenges of complexity that come with growth, and other operational pressures

Visit our growth resource center to find out how your business can grow, even in a challenging market.

Sincerely,

Celia Fleischaker
Chief Marketing Officer
Epicor Software

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Good Planning

It's no surprise that good planning is the top success factor for the distributors in our survey. But growth itself can make it harder for decision-makers to remain accurately informed—unless you're prepared for the challenge.

Success Factor

Good Planning

Risk Factor

Senior executives in the business may not be fully prepared for the challenges of managing a larger, more diverse business

> "The ease of getting information to measure our stock and performance is something we've embraced—we've been able to pull a lot more information out of Prophet 21 to serve our customers better."
>
> Dean Gordon, President, DeeTag Ltd

Supporting Growth

▶ **34% rise in sales**

▶ **40% drop in merchandise returns**

CASE STUDY: FLUID POWER

DeeTag Ltd

Thanks to an ERP system which enables better forecasting and measurement, distributor DeeTag has improved efficiencies while expanding, and enhanced its competitiveness at an international level.

Ontario-based DeeTag Ltd is a distributor of hydraulic and pneumatic equipment, parts, and supplies. When the company implemented Epicor Prophet 21® ERP and Wireless Warehouse Management Solution, its aim was to make its warehouse operations more efficient.

"In our first year on Prophet 21, our sales rose 34 percent, while our staff grew by only five percent," says DeeTag's President, Dean Gordon. There was a simultaneous 40 percent drop in merchandise returns, which Gordon also attributes to the Epicor solution.

Since then, DeeTag has experienced consistent improvements that go beyond warehouse management. Having easier access to information lets it measure stock and performance better, as well as improve customer service. And because new employees find Prophet 21 easy to learn, the company saves thousands of dollars in training costs annually—especially in the years when it opens new facilities.

Increasing international competitiveness

Adopting additional Prophet 21 features—including electronic signature capture at sales counters and on PDAs for deliveries—has allowed DeeTag to streamline international operations. "Having customers in the U.S. and Canada, and vendors all over the world, makes the multi-currency and container receipts functionalities very convenient for our business," says Gordon.

And with Epicor Trading Partner Connect, DeeTag can now offer full EDI capabilities, which helps it compete more effectively. "We can go head-to-head with large international companies on a technology and product performance basis," says Gordon. The company is now moving to EDI 830s, which will create a year's worth of items forecast from a customer, to better predict and address their needs.

Smart Working

When you do a great job, customers flock to your door. But meeting increased demand can put staff under pressure. If productivity and efficiency slip, customer service may suffer. Alternatively, you can keep things on track by making the skills of your people count, and gear them up for growth.

Success Factor

Staff with the right skills

Risk Factor

Business growth may put excessive pressure on operations, damaging quality and customer satisfaction

> "The people we work with at Epicor are great. They help us become self-sufficient with certain tasks. Epicor gives us the tools, and then works with us to make sure the tools all work well."
>
> Kathy Johnson, Manager of Customer Satisfaction, Electro-Matic Products, Inc.

Supporting Growth

▶ **5–10% increase in sales**

▶ **3–4 times faster data entry**

Electro-Matic Products, Inc.

Operating out of Michigan, Electro-Matic Products, Inc. supplies complementary products, services, and components to users and manufacturers of industrial automation equipment and on-premises signage.

The company's Vice President of Sales and Marketing, Dave Scaglione, wanted to help sales teams work more efficiently by implementing an integrated ERP/CRM system. Epicor's Prophet 21 fit the bill perfectly. Because the system is very responsive, it's no longer such a challenge to persuade sales people—even in remote locations—to make CRM entries. "Data entry is now three to four times faster, and we can input things in seconds," says Scaglione.

Consolidation with flexibility

The company uses Prophet 21 to do everything from managing sales opportunities and viewing the sales pipeline, to making financial and investment decisions based on trends in the pipeline. "Since we implemented Prophet 21, we have had a 5–10 percent increase in our overall sales," says Kathy Johnson, Manager of Customer Satisfaction.

Sales and management executives can see opportunities, bookings for the day, and open invoices, all in one portal. Portals can be customized for different users, as can reports. "This gives our sales people real-time information on their customers and accounts," says Scaglione.

And whereas previously, the company's customer service team used a separate database—leading to duplication of effort, everyone now uses the same database. "With one database, we are much more current and coordinated," confirms Scaglione.

> "The Business Analyzer software allows us to forward daily emails to our sales reps with all kinds of information we never had previously. It's like an executive dashboard, and it 'slices and dices' our business information in all sorts of helpful ways."
>
> Melissa Selig, Chief Financial Officer, Grove Medical, Inc.

CASE STUDY: MEDICAL SUPPLY

Grove Medical, Inc.

South Carolina-based Grove Medical, Inc. knows that maintaining growth depends on helping its people work efficiently and effectively, and making its website easy for customers to use.

Grove Medical, Inc., a distributor of medical supplies, equipment, and services, had outgrown its ERP system. "Everything we had was a workaround, and we could not even tell what our true gross margins at the customer level were without a tremendous amount of manual work," says CFO Melissa Selig.

Six months after replacing its previous ERP with Epicor Prophet 21, Grove Medical was seeing an 8.5 percent increase in revenue, and capturing around 6 percent more on freight charges to its customers.

Vendor rebates represent around 10 percent of Grove Medical's gross revenue: Prophet 21 processes them without any customization. "Having the software correctly set up to handle this is essential to our profitability," says Selig.

She's also impressed with the increased efficiency of backorder fulfillment: orders now stay open for just a day or two instead of up to six months: "We have increased visibility to our orders and other information within the system, and this has improved our inventory levels and accuracy, credit and collection processes, financial statement preparation time, etc."

Taking the business to the next level

To help sales reps work smarter, the company send them daily emails via Epicor's Business Analyzer software.

"It offers a level of visibility that did not exist before," says Selig. "We highlight low-margin customers and products, which allows us to drill down on the issues and address them immediately."

Grove Medical is also using Epicor's B2B Web site management software to add features which make ordering easier. "Our Internet sales have increased 5 percent since we switched to using Epicor's B2B site management," confirms Selig.
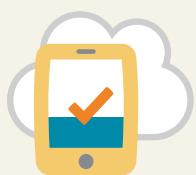
Supporting Growth

▶ **8.5% increase in revenue**

▶ **5% rise in Internet sales**

The Right Technology

Businesses can be taken by surprise if their people or processes can't scale or adapt to the complexities that come with growth. The right tools in the right hands can make all the difference.

Success Factor

Right technology in place

Risk Factor

We might take on large/ complex projects that we lack the skillset and technology to deliver effectively, and damage our brand reputation

"The open lines of communication between Epicor and its customers were impressive then, and remain so today. We can pick up the phone and call someone at any time to get something done. That's huge."

Eric Pargmann, Operations Manager, Abatix

Supporting Growth

▶ **40% more sales**

▶ **<10% increase in headcount**

Abatix

Since implementing a more flexible ERP solution able to keep pace with its evolving business, Texas-based industrial distributor Abatix has increased sales by 40 percent.

As its business developed, Abatix had to keep customizing its FACTS ERP system to meet changing needs. When the customizations overtook the system, the company knew it was time to look for a more flexible technology solution.

Abatix worked with a consulting firm to research a replacement ERP system better suited to distributors. "The openness of Prophet 21's SQL Server and the Epicor team are what made us ultimately choose Prophet 21," says Operations Manager, Eric Pargmann.

Even the most change-resistant members of staff were soon won over by the Epicor system, including a customer service representative who'd been with Abatix for 15 years.

"Within 18 months of going live, she came to me and said that not only did she love Prophet 21, but she wouldn't want to go back to FACTS—ever!" says Pargmann.

Five years of steady growth

"We're still pleased with our decision to move to Prophet 21 more than five years later," confirms Pargmann. "We have been able to support a 40 percent increase in sales with less than 10 percent increase in headcount."

When asked what advice he would give to companies considering moving to a new ERP solution, Pargmann says: "Think about the future—not just next year, but three to five years down the road. Ask yourself where do you want your company to be and can you get there?" Successful distributors like Abatix have found the answer in Epicor Prophet 21.

> "With Epicor technology in place, we are doing a higher volume of business, and we're better organized. Prophet 21 has helped us stay competitive, and we have leveraged the solution to make our company more profitable."
>
> Brian Williams, Director of IT, Industrial Supply Company

CASE STUDY: INDUSTRIAL DISTRIBUTION

Industrial Supply Company

The right technology solution helps Indiana-based Industrial Supply Company improve processes, enhance customer service, increase productivity—and achieve year-on-year growth.

Epicor Prophet 21 is an integral part of Industrial Supply Company's long-term plan for growth. The solution has enabled the company to implement electronic inventory control, improve and automate processes, and increase sales without adding staff. It also helps the distributor reduce timeframes on many projects, including opening new branches.

Director of IT, Brian Williams, finds the ability to mine Microsoft® SQL Server®-based data from Prophet 21 for analysis and reporting especially valuable. "The Prophet 21 business intelligence solutions allow you to create any kind of report you want: financials, key performance indicators, inventory trends, and so on. This is huge for us," he says.

Technology that keeps pace

Williams describes the Epicor solution as "very powerful, and constantly being improved to adapt quickly to the needs of the marketplace."

He has implemented complementary applications, such as Epicor B2B Seller, a Web-based storefront that connects directly to Prophet 21 for seamless customer service and sales. Now, customers can find out what's in stock without having to pick up the phone. That saves time for customer service representatives, who can be redeployed to other tasks. "With B2B Seller, we have reduced costs and improved customer service," says Williams.

In addition, he uses Epicor extensibility tools to modify the Prophet 21 system to meet Industrial Supply's specific needs—tailoring workflows and screens to individuals, and creating rules to improve users' efficiency. "Our users are inspired to be more productive and do better in their jobs because of the technology," confirms Williams.

Supporting Growth

▶ **Sales up without adding staff**

▶ **Project timeframes down**

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Agile Operations

Even the best-laid plans won't anticipate everything. The distributors in our survey recognize that to maintain growth in highly competitive markets, they need business systems that help them to be flexible and responsive to change.

Success Factor

Agility and response to market demands

Risk Factor

Unplanned business growth may lead to unexpected consequences which would have a negative impact on the business

> "We could not have accomplished this [growth] so easily—particularly getting the new stores online and maintaining control—without Epicor Eclipse. I would've hated to attempt this growth without it."
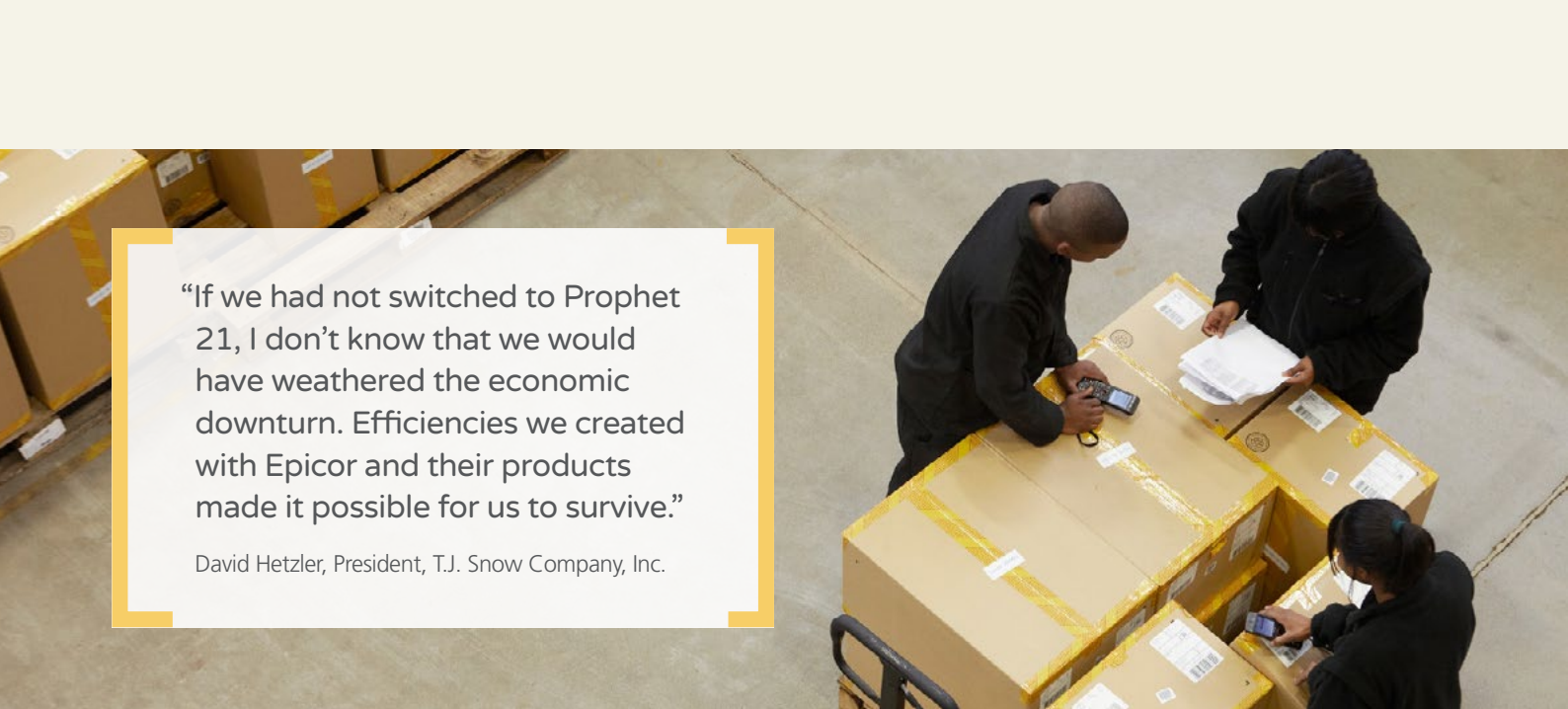>
> Mark Temple, President, Johnstone Supply of Tulsa

Supporting Growth

▶ **>300% revenue increase in 7 years**

▶ **Expansion from 1 to 4 stores**

Johnstone Supply of Tulsa

HVAC distributor Johnstone Supply of Tulsa, Oklahoma, relies on Epicor Eclipse to help it stay in control of its business during a sustained period of significant growth.

When Johnstone-Tulsa started using Epicor Eclipse™, President Mark Temple was struck by how easy it was to look up customers, recall past invoices and purchases, and extract data. Over a decade later, he's still impressed.

"Inventory control is so much better now. Everyone from our counter people to purchasing agents sees the item immediately. It's hard to put a value on that; it has saved us time, and has led to better customer service," he says.

Eclipse offers much more flexibility for setting up special pricing for both vendors and customers. "We can create a separate group [of vendors] in Eclipse by setting up a price matrix at a certain multiplier. There is no need to update every item individually,"

explains Temple. And if he wants to give, say, the top 500 customers a special price, he can quickly export and manipulate the data.

The Epicor system also provides real-time financial data to manage the business efficiently. "The P&L balance sheet is always available; I use it daily to evaluate and control inventory. That's a lot better than guessing, or waiting till month-end and playing catch-up," says Temple.

Strong support for growth

Over a seven-year period, Johnstone-Tulsa experienced more than 300 percent growth in revenues, and expanded from one store to four. "We could not have accomplished this so easily … without Epicor Eclipse," says Temple. "Every time I do something new with Eclipse, it saves me time and money. It's so versatile; anything we want it to do, it will do."

> "If we had not switched to Prophet 21, I don't know that we would have weathered the economic downturn. Efficiencies we created with Epicor and their products made it possible for us to survive."
>
> David Hetzler, President, T.J. Snow Company, Inc.

CASE STUDY: INDUSTRIAL DISTRIBUTION

T.J. Snow Company, Inc.

T.J. Snow's ERP system helped it survive the economic downturn and start growing again. Now the same system is helping the Tennessee-based distributor plan for the future.

The company now has real-time inventory, so always knows what's on the shelves. In addition, it can offer clients customized discounts—reserving the highest discounts for items they buy most often. "This makes clients happy, and allows us to maximize our discount program while maintaining profit margins," explains Hetzler.

Invoice processing is also more efficient with Prophet 21, resulting in faster accounts receivable and better cash flow. Shipping, accounting, and customer service are all more streamlined than before.

A partnership for the long term

T.J. Snow implemented the doc-link add-on document management solution, which integrates with Prophet 21. Trips to the filing cabinet are a thing of the past: answers to questions are now available at the click of a mouse. "We have eliminated 26 physical file cabinets, and we get the added bonus of being much better prepared for audits and disasters," says Executive Vice President, Sam Snow.

The Epicor software is playing a big part in the continued growth of

T.J. Snow, which always has the future of its business in mind. "We worked with Epicor to develop a long-term IT strategy, not just about the systems we were running at the time," says Snow. "You can tell that Epicor is a company that is in it for the long haul, and that makes us feel good. Epicor is also helping us plan beyond just selling the products we are offering now."

Supporting Growth

▶ **Profit margins maintained with increased discounts**

▶ **Better cash flow**

Are You Ready for Growth?

77% of the distributors who took our survey agree that an effective and integrated IT infrastructure is essential for business performance.

The business experiences captured in these pages show why this is the case. We've seen that the right business system can help you put an end to operational inefficiencies that may threaten growth. It can give you the insight and the tools to plan effectively for growth. And if the unexpected happens—as it inevitably will—you'll be better placed to respond successfully. Your people will have key tools to help the business flourish, rather than cracking under the pressure of growth—making it easier for you to attract and retain top talent. And of course, your customers will be the ultimate beneficiaries.

The distributors whose stories we've told are not the only ones benefiting in these ways from Epicor ERP. You can find others on our website.

And in our growth resource center you'll find the survey report, *A Positive Growth Mindset for Distributors*, as well as other materials to help you take a critical look at your IT and assess if it's fit for growth.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software that is designed around the needs of our manufacturing, distribution, retail, and service industry customers. More than 40 years of experience with our customers' unique business processes and operational requirements is built into every solution—in the cloud, hosted, or on premises. With a deep understanding of your industry, Epicor solutions spur growth while managing complexity. The result is powerful solutions that free your resources so you can grow your business. For more information, connect with Epicor or visit epicor.com.

EPICOR

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