

12 Revolutionary Ideas That Fuel Distributor Profits





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When the term 'multichannel' referred to the choices on TV and Amazon was a distant jungle, most distributors handled operations pretty much the same way. The outside sales team managed customer relationships. Purchases were based on yearly plans and the warehouse ran smoothly with paper on clipboards.

The internet changed everything

Over the past decade, just like every other industry, distributors have adapted to the new way of doing business – via the web.

As the technology has become more adaptable and affordable, distributors of every size are able to compete in geographies and markets they never thought possible. Dealing with a broader range of channels, including direct to end-customers, presents a new set of opportunities and challenges.

Revolutionary thinking



Thomas Jefferson said "Every generation needs a revolution." The revolution in distribution is happening and forward thinking companies are responding with creative approaches. We've collected real stories from distribution companies like yours – they are testing new channels, moving into new markets and building efficiencies to compete on a new level.

In the pages that follow, we hope you get some ideas that spark your imagination.

With your own revolutionary thinking, you can take your company to places you never imagined.

Viva la revolucion!



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#1 Master Orders Support Big Customers

As a few of their best customers had grown, a merchandising display distributor was struggling to manage shipments to an ever increasing number of stores – spread across the country. More shipments meant more sales and higher revenue, but the cost of administration and handling was going through the roof.

While customers were placing a large single order, the merchandise displays needed to be sent out to hundreds of individual store locations. To replace manual entry and outdated warehouse processes, the distributor implemented Microsoft Dynamics® NAV and “exploding” Master Orders. When the Master Order is entered into the system it explodes into multiple sub-orders so the shipping department can easily process drop/direct shipments to each of the individual store locations.

By cost effectively serving the needs of larger customers, the **distributor has grown by 50%, now processing over 25,000 orders per month and saving \$1,000,000 in just the first year of deployment.**

Automation of manual processes with Microsoft Dynamics NAV allows distributors to expand the channels and customers they serve.



“With the challenges of shrinking margins and shorter product life cycles, integrated supply chain management reduces inventory costs, increases responsiveness and delivers real-time visibility across the organization.”

Socius



#2 Connected Service Delivery Speeds Cash

A distributor of industrial equipment and appliances provides maintenance and responds to service requests that help their customers get the most value from their equipment. In the past, manual processes between field service techs and the corporate office led to inefficient service call schedules, wrong parts in the field and slow billing.

To correct the problems of the past, the distributor implemented a mobile solution to connect field techs with the information they need. Now they can:

- Create quotes during a client visit.
- Get client signatures before they leave the service job.
- Provide access to the manufacturer's specs, schematics and troubleshooting information for the exact piece of machinery.
- Take photos on the job and file them with the completed service request.



All the information integrates directly back to Microsoft Dynamics NAV at the corporate office, **speeding up the process for ordering parts and getting invoices out the door.**

As services become an important revenue stream for distributors, implementing the systems that support fast, accurate service delivery and billing like ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) are critical. Customers expect service technicians to be fully connected to the information they need.

"A key success factor for any CRM or ERP implementation is linking the project goals to the client's strategy. We design with Agility in mind."

OmniVue



#3 Grow Sales...Not Staff

Growing your business takes lots of hard work, but adding staff every time you increase sales doesn't help profits. Which is why a multinational manufacturer and distributor of biocides, flame retardants and other specialty chemicals invested in a streamlined order entry process.

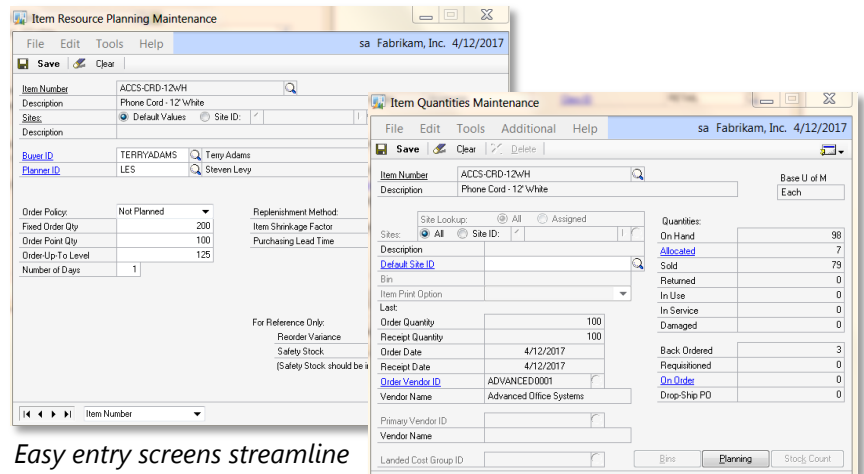
Thanks to Microsoft Dynamics® GP the manufacturer handled 30% more business last year without adding personnel to the accounting, inventory or order entry teams. By saving the company **2 to 3 headcount per year they realize a \$150,000-\$200,000 cost savings each year.**



Through one fully integrated system, sales personnel have access to inventory information that's easy to search and view. They can tell a customer exactly what's available and when it can be shipped out.

Inventory lot tracking

Another key requirement for the new system was the ability to manage inventory lot tracking and expiration dates for all products. With most inventory items manufactured outside the US, visibility into the product location – from manufacturer to container to warehouse – is critical.



Easy entry screens streamline the sales process.

The new system also helps the company save money by monitoring LTL (Less-Than-Truckload) shipping costs based on number of miles from the warehouse.

With the increased speed and efficiency of order entry, and better visibility to inventory across locations and in transit, the manufacturer delivers better service than any competitor.

"We help companies realistically evaluate their wish list to determine the simplest, most practical way to get the job done. Additional functionality can be added later."

CAL Business Solutions



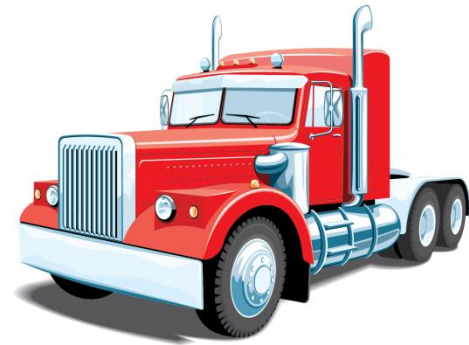
#4 Simplified Transportation Management

When a chemical manufacturer purchased a “Best-of-Breed” Transportation Management System (TMS), they were unpleasantly surprised by the complexity of the solution. Yes, it had all the functionality they needed to meet the increasing demands of customers, but training was a nightmare and mistakes were costing them business.

While it was a hard pill to swallow, the manufacturer scrapped the project and started over. They still needed to automate the increasingly complex scheduling requirements that every growing distributor faces. Among their requirements were:

- Routing guides.
- Master schedule processing with multi-stop functionality.
- Load scheduling with holiday schedule override.
- Integration with parcel carriers, LTL, truck load and freight forwarders.

With Microsoft Dynamics® AX for the core Enterprise Resource Planning (ERP) and McLane Logistics Technology Warehouse 3G, this chemical manufacturer found both the functionality and the ease of use they were looking for. Instead of a separate, complex system, employees use **a fully integrated system that works just like the Microsoft applications they use every day.**



“We put more than 100 years of experience in distribution to help our clients improve their supply chain from meeting regulatory reporting requirements to warehouse management. We simplify logistics to help distributors maximize profits.”

McLane Logistics Technology



#5 Prescription for Healthy Returns

Distribution in the health care industry is especially challenging due to compliance requirements. Technology solutions can reduce risk and simplify operations for more profits.

The distributor of emergency medical kits and supplies to physicians, dentists, athletic teams, hospitals, emergency rescue teams, the military and airlines was faced with common health industry issues, including:

- The controlled substances they sell are highly regulated with many requiring DEA number validation from the receiving party.
- Traceability (“pedigree” in the FDA’s language) to include tracking of where drugs come from and where they go.
- A refill program which automatically replaces expired drugs.

The refill program was growing rapidly with over 70,000 drugs refilled per year. The distributor knew that the only way to keep their margins healthy was to grow those refill numbers without increasing headcount, expenses or slowing down the process.

Working with their partner, they designed a new, flexible refill system that would scale and allow them to easily adapt to the common shortages in the pharmaceutical industry. Directly integrated with Microsoft Dynamics GP, the system also connects to an electronic pedigree system and automated credit card processing for refill orders.

The distributor has gone **from processing 70,000 refills to 360,000 refills per year**. The entire process of refilling drugs is completed by one staff accountant – **no extra headcount** was added to support this growth and will not be required regardless of how many refills they will fulfill in the future.



“We help our clients, especially those with a small accounting staff, apply technology to run a successful business. Even small companies can support big growth plans with automation that gets the job done without additional staff.”

The Resource Group



#6 Better Insight for Competitive Edge

The vision for growth and the systems to support them didn't match up for a specialty auto parts distribution company. **With over 20,000 SKUs to track**, their outdated distribution software provided little to no insight into data – data that was critical to the success of their aggressive growth plans.

The company wanted to analyze purchase history to identify add-on opportunities with current customers and build effective promotions to attract new business. In addition, a complex commissions program required far too much manual calculation time from the accounting team.

Choosing Microsoft Dynamics NAV and NAV-X, a comprehensive distributor-specific software bundle, the distributor selected an end-to-end solution that could scale with their growing customer demands. With flexible reporting and no double entry, the accounting team can focus on finding opportunity instead of filling out spreadsheets.

Automating commission calculations has removed concerns about mistakes for both accounting and sales. Each department can focus on creating revenue instead of checking for mistakes.

Advanced insight fuels growth

Better equipped to make profitable business decisions, the company can analyze purchase history to **identify trends and complementary purchases**.

Full insight into margins allows the sales and marketing team to **build promotions that build sales while preserving profits**. With inventory information at their fingertips, sales order personnel can **offer substitute products when something is out of stock**.

With better insight, this auto parts company is on the right road to build healthy profits and support expansion.



"As distributors grow, they need more sophisticated warehouse management capabilities and deeper customer analysis capabilities. We help our clients handle the critical components to ensure success."

NAV-X



#7 Cloud Accelerates ERP Benefits

As a US-based paper products distributor was expanding operations into Pacific Rim countries, they were struggling with an ERP system that did not support remote access. Both sales and operations had to wait for information sent to them from the central office. It was frustrating and bad for business.

The management of the company felt strongly about keeping their application and their data in a controlled environment – dedicated to them. They also wanted an ERP solution that was strong in distribution functionality and would support the international growth of the company. With hosted Microsoft Dynamics GP, they were able to meet all of their objectives.

With conventional ERP implementations, training for workers in remote locations is often difficult and slow. The paper products company was able to engage the remote team members from the start. **Productivity**

improvements from the new ERP system started immediately.

Now that all the IT support for the ERP system is handled by their Microsoft Dynamics partner, the company is fully focused on building the business – at home and abroad.



“Cloud computing options have expanded and can now be delivered to meet the unique needs and concerns of each client. The savings and freedom from headaches is a game changer for distributors.”

Collins Computing
www.collinscomputing.com



#8 Multi-Entity Management...and More

With several companies in different states, a manufacturer and distributor of hunting supplies serves Big-Box retailers and individual sporting good shops. The business has grown through acquisitions with a resulting multi-company corporate structure and four different ERP systems.

The CFO spent many hours each month consolidating financial reports from the five companies and basing business decisions from disparate data sources. The management teams at each location were struggling with outdated software and processes to forecast inventory and manufacturing requirements, customer order entry included many manual processes including no EDI (Electronic Data Interchange) integration.



Aiming for an end-to-end solution that would support multiple companies with location specific business requirements, flexible and mobile customer service and order entry tools, integrated EDI, forecasting, and more, the company chose Microsoft Dynamics GP. The new system makes multi-company reporting a breeze, but it's delivered far more, including:

- Customer service teams can see margins by line item, provide UPS and FedEx quotes on the fly and look-up inventory quantities.
- The management team is alerted through email or workflow when any order does not meet margin levels, then allows for a quick review and approval or denial.
- Integration of EDI to Microsoft Dynamics GP allows the companies to compare their customer's forecasts against orders and adjust manufacturing as needed.

Centralized accounts payable and financial reporting for the five companies allows the CFO to concentrate on running the business instead of administrative work. The management team has key information available through the Internet so they can make decisions anywhere – even in the woods.

"Many of our clients have grown their distribution business through acquisition. There are definitely challenges including fast setup of new companies, but we understand these challenges and can react quickly."

Custom Information Services



#9 EDI Supports Fast Growth

When a fitness equipment manufacturer figured out that fitness gear designed expressly for women’s physiques was a market that they could tap, their **sales grew at an astounding rate of more than 230% annually.**

The challenges of ramping up to meet surging demand were huge. The existing ERP system was breaking under the stress of higher accounting transaction volumes. Lack of a data interface between ERP and webforms EDI (Electronic Data Interchange) meant extra labor to key in orders, advance shipping notices (ASNs), invoices, and receipts three or more times – for accounting, third-party logistics (3PL) providers and EDI.

Cloud-delivered, managed EDI services were intriguing – no software to install or maintain, and a standard interface to ERP that eliminates error-prone data juggling. RedTail Solutions’ low initial cost and full-service EDI provided by a staff of dedicated professionals made the decision easy. RedTail EDI was implemented quickly, driving improved processes and focusing resources.

For the fitness distributor, a 3PL connector now delivers significant productivity gains as well. The ASN process is completely automated, starting with purchase orders from retailers initiating pick lists to the 3PL. Shipped information is sent to the distributor and ASNs automatically sent to the retailers, followed by accurate invoices.

The entire process happens without keystrokes through RedTail’s cloud connections, including automatic update of ERP.

With dozens of man-hours saved every day, the distributor’s employees are in the best shape ever.



“We help suppliers focus on growing their businesses instead of wasting resources on the arcane details of EDI compliance. Outsourced EDI is EDI simplified.”

RedTail Solutions



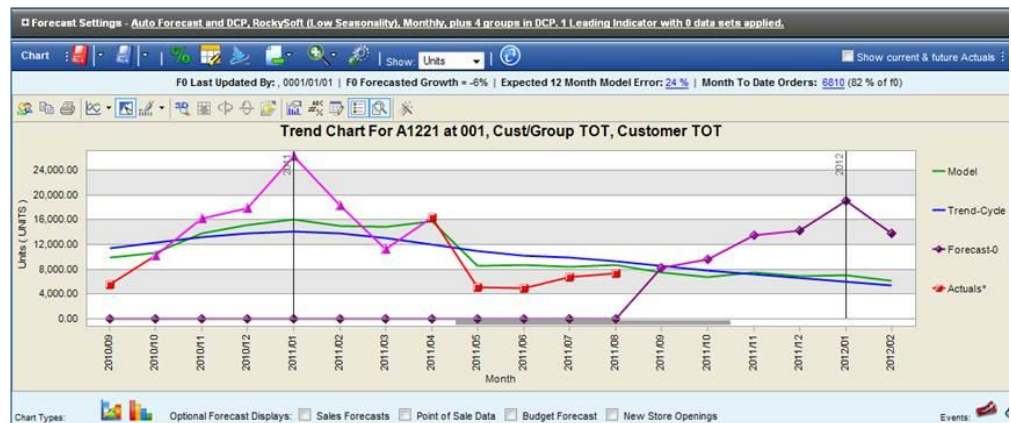
#10 Proactive Planning

At the beginning of the recession several years ago, a construction supply distributor was faced with a precipitous drop in sales. At that time, the company realized the greatest value of the investment that they made in purchasing Demand Manager (DM).



DM picked up on these declining trends, regenerated forecasts, lowered safety stock levels and right sized inventory. This proactive read on the trends **allowed the client to reduce inventory levels to match this forecasted decrease in sales.**

The distributor further responded by reducing inventory on hand and open purchase orders for materials. The reduction in carrying costs and other related inventory expense allowed the company to maintain profitability through the recession. Cash in the bank through lean times gave the distributor a huge edge on the competition.



Sales trend chart supports proactive inventory planning.

When construction picked up, DM measured the increase in sales and right sized inventory to meet new forecasts. With inventory positioned in their distribution centers in advance of sales, they were able to deliver when their competitors could not – **increasing their market share and placing them on a trajectory for high growth they could handle.**

“Our experience and knowledge of supply chains and practitioner’s approach gives our clients a competitive advantage in the marketplace.”
RockySoft



#11 Vendor Managed...Just-in-Time

During the recession, an auto parts distributor's customers were reducing stock levels to the bare bones. Primarily repair shops, the customers only wanted to keep in stock what they knew would move quickly.

As business started to recover, stock-outs were common and the repair shops' concerns turned to customer satisfaction. The fast thinking auto parts distributor saw an opportunity to help their repair shops monitor stock levels to optimize the supply chain.



Vendor managed inventory with just-in-time (JIT) performance

To help the repair shops avoid out-of-stock items while minimizing their overall inventory investment, the auto parts distributor offered a Vendor Managed Inventory (VMI) program. The distributor manages each repair shop's inventory remotely with the WithoutWire™ Warehouse Management System from Appolis.

Remote inventories are tracked at headquarters in real-time through the remote monitoring system. Consumption triggers replenishment, inventory counts and invoicing.

In addition to clear differentiation from their competitors, the distributor has **reduced transportation, cycle count labor and infrastructure costs by approximately 25% and inventory carrying costs have been lowered by almost 50%.**

"Utilizing existing infrastructure and client consumption to initiate JIT replenishment is revolutionary, super-affordable and changes the basis of how distributors now compete"

Appolis



#12 Simplify Cradle to Grave Lot Tracing

A renowned hot dog retailer and distributor wanted to ensure their place as a world class leader in food manufacturing and distribution. Although the company was diligent in their business management and quality control processes, many were manual operations. They knew that in order to stay competitive and compliant with the new industry guidelines, they would need a more automated way of managing their processes.

Several key business issues needed to be addressed, including advanced business intelligence/analytic capability and integrated document management. But first on the priority list was to ensure comprehensive **“cradle to grave” inventory lot traceability for all products sold.**

Working with their Microsoft partner, the hot dog company chose a comprehensive solution built on Microsoft Dynamics GP, along integrated wireless warehouse management. To fully comply with Federal regulations, the company implemented a system to scan and label each inbound finished goods receipt into stock with its corresponding lot/production code date information.

By implementing an integrated pick/ship solution, warehouse workers are now able to interactively scan products and product lot codes against open sales orders. **In just one step, they capture the lot trace data, ensure the selection of the correct products, and automatically fulfill the sales items quantities to support the downstream invoicing process.**

The end result is a streamlined process that has reduced the labor associated to lot data collection, as well as reduced their time to invoice workflow.

Shortly after the system was implemented, the USDA conducted a routine “mock recall” audit to test the company’s recall processes. A task that would have normally taken several hours to complete was completed in a minute or two. The results are so impressive that Microsoft Dynamics GP is quickly becoming the gold standard in lot trace control.



“When it comes to managing business operations every company has a unique approach. We understand that different business models require different solutions.”

Mibar.net



Next Steps – Revolutionize Your Business

The companies in the preceding pages have taken the next step towards business management to adapt to changing conditions in the distribution industry. These businesses are ready to capitalize on the opportunities in a connected world with technology that supports a broader range of channels, increased regulation and supply chain visibility.

What's next?

Hopefully, we have sparked some ideas for you and your team. Revolutionary thinking is required in this flattening world. Let's work together to transform your business into a distribution center of excellence.

Visit the Partner Directory on the Distribution Software Blog www.distributionsoftwareblog.com for a complete listing of software providers who can share the best practices and lessons learned that will revolutionize your distribution business.

Wait, there's more!

On the Distribution Software Blog, Microsoft software vendors discuss ERP and third party solutions for distribution, touching on industry challenges, software comparisons, and informative tips for your distribution software research.

For more information about the software mentioned in this whitepaper, visit the solution page: <http://distributionsoftwareblog.com/software/> or download additional free resources: <http://distributionsoftwareblog.com/member-white-papers/>.



About Collins Computing



Since 1986, Collins Computing's award winning team has been helping companies of all sizes sharpen their competitive edge. Collins Computing has always had a focus on the distribution industry, with some of the largest Microsoft Dynamics customers using the software to streamline their supply chain management, financial reporting, day-to-day operations, and internet reach out to their clients.

With Collins Computing as your Microsoft Business Partner, you will not only benefit from the product solutions, but you'll also benefit from:

- Single source support and implementation for your ERP and CRM applications and network infrastructure
- Largest local pool of seasoned professionals with extensive Microsoft Dynamics knowledge and background
- Dedicated in-house support team that knows your business and the challenges you face
- Annual user conference to help you learn from and connect with other business organizations
- Extensive product knowledge of third party applications to enhance your solution

For more information, visit www.collinscomputing.com or contact us by calling 800-943-9211 or emailing info@collinscomputing.com.