



Microsoft Business Solutions Retail Management System Customer Solution Case Study



Clothing Chain Strips Out UNIX, Cuts IT and Operating Costs, and Retains U.S.\$200,000

Overview

Country/Region: United States
Industry: Retail

Customer Profile

Reynolds Bros., Inc. carries 103,000 SKUs in six northeastern clothing and furnishings stores. The chain is emerging from a financial reorganization and plans to open new stores.

Business Situation

When business shrank, Reynolds cut costs but was contracted for a UNIX-based retail solution costing U.S.\$100,000 annually. Only costly consultants could export files or customize reports.

Solution

The Reynolds IS manager chose Microsoft® Business Solutions Retail Management System for complete and intuitive retail management power, and Microsoft Small Business Manager for easy integration and proven financials.

Benefits

- Saving \$100,000 yearly by replacing a UNIX system and its consultants
- Saving \$100,000 yearly by drop-shipping to stores
- Store managers learning to customize their own reports
- Transaction records flowing easily from stores to corporate

“We tested other systems—one at three times the cost—but kept coming back to Microsoft [Retail Management System] It runs on a Microsoft SQL Server database, so we can do database administration ourselves.”

Using the Microsoft® Business Solutions Retail Management System, Reynolds was able to close a warehouse that had been costing the company U.S.\$100,000 per year. The information systems (IS) department also saved U.S.\$100,000 annually by not relicensing an uncooperative UNIX-based system, and another \$50,000 that was perennially spent on UNIX consultants.

Purchasing now goes faster, and inventory levels are "accurate and instantly available in a tremendous variety of formats and reports," according to Enrico Bozzetti, IS Manager at Reynolds.

"You have to wonder," says Bozzetti, "if we could have saved a lot more jobs by replacing our old system sooner and saving U.S.\$200,000 for a couple of previous years. No one wanted to lay off three people in the warehouse, but that helped save 80 jobs in six stores."

“You have to wonder if we could have saved a lot more jobs by replacing our old system sooner and saving U.S.\$200,000 for a couple of previous years. No one wanted to lay off three people in the warehouse, but that helped save 80 jobs in six stores.”

Enrico Bozzetti, IS Manager, Reynolds Bros., Inc.

Situation

The 30-store Reynolds Bros. clothing chain in the New Jersey area sold 103,000 stock-keeping units (SKUs) of men's, women's, and children's apparel; swimwear; and accessories; often in mid-range and high-end locations. As the economy slid, so did sales. Practices justifiable in good times soon proved counterproductive.

Cost-cutting measures, according to Bozzetti, included reducing administrative staff, instituting a hiring freeze, selling off a truck fleet and using FedEx for deliveries and transfers. But the chain's highly proprietary and expensive minicomputer-based retail system was an obvious target.

Data Isolation

"We couldn't customize reports," says Bozzetti. "We couldn't do our own database hygiene and administration. We couldn't extract customer data for a mail house. When we needed any of this, we called the vendor and their consultants did it—for a total of \$50,000 a year. And marketing promotion shrank because only the expensive mail houses could handle our data formats."

The UNIX system's high total cost of ownership (TCO) didn't buy power or flexibility. Its purchasing tools were cumbersome, as there was no way to match the vendor's Universal Product Code (UPC) to a Reynolds SKU. "That extended purchasing hours and complicated inventory tasks," Bozzetti says. "The system generated random product ID numbers instead of using our SKUs or standard UPC codes. Then it limited the number of items we could order on one purchase order (PO). With a chain like ours, that meant several POs per order, which required more reporting, which meant more consultants."

Cascading Problems

In turn, the lack of standard UPC codes necessitated a central receiving warehouse to match merchandise to SKUs and prices. "It was clumsy," says Bozzetti. "You had to order merchandise on two or three POs, receive it, unpack it, label it, repack it, and then ship to each store."

Bozzetti began to manage costs and straighten out the chain's information and product-flow systems from the top down. With six stores remaining and 80 jobs on the line, it was time to go shopping for a new system.

Solution

Bozzetti selected and brought in Microsoft® Business Solutions Retail Management System largely because, "We wanted all the retail management features, a lot of in-house software self-sufficiency, an economical price, very open data compatibility, and a fast rollout time. Microsoft [Retail Management System] gave us all that."

Lower TCO

"We tested other systems—one at three times the cost—but kept coming back to Microsoft [Retail Management System]," reports Bozzetti. "It uses a Microsoft SQL Server™ database, so we can do our own database administration. We needed a quick rollout because of our short implementation fuse." A relicensing date, with another \$50,000 price tag, was coming up and Reynolds wanted to be free of its old system before then.

Smoother Data Integration

Bozzetti says, "Microsoft Retail Management showed it could integrate with credit card processors, other peripherals, and particularly with Microsoft Small Business Manager, which we depend on for all accounting functions including receivables, payables, general ledgers, and payroll. And we picked Small Business Manager because it can integrate with Microsoft [Retail

“We have just pulled 30 percent off our delivery times by receiving floor-ready merchandise. Faster in is faster out.”

Enrico Bozzetti, IS Manager, Reynolds Bros., Inc.

Management System]. We can use the same licenses we purchased for Microsoft SQL Server and not incur the cost of another database.”

Choosing a Partner

“For our Microsoft Certified Partner,” Bozzetti says, “we picked Sales Catalyst in Chicago, because they understood our needs and totally grasped our parameters. They weren’t trying to sell us more software than we needed, yet they were there for support the couple of times we needed it. And we were certain of reliable support from Microsoft.

“We know Microsoft will keep the product easy to upgrade and grow. But most of all, we know that, with the capabilities of Microsoft [Retail Management System], we’ll be rid of external consultants!”

A Safe Transition

Before cutting over to Microsoft Retail Management System, complete accounting tests were done to verify accuracy and ensure communications were working. The old UNIX system remained licensed only until its final month-end accounting was finished. Reynolds is keeping the old hardware and information so the company can access chunks of data as needed. Extracting its complete information would require another consultant.

“Installing Microsoft [Retail Management System] was simple and easy. We made one support call to resolve a minor database issue. Rollout proceeded at one or two stores per week. Dedicating one top store manager to training has been very successful. Microsoft [Retail Management System] is much easier to use and train our staff on than the old system. Our store managers can learn to customize their own reports, something only IT could do before.”

Benefits

Closing the relabeling warehouse saved approximately U.S.\$100,000 in three salaries, rent, packing and labeling supplies, and transportation, according to Bozzetti.

“Companywide, we’ve cut yearly maintenance software costs from around \$100,000 to less than five grand,” he says. “People here are really excited about what the system is going to do for them.”

Because Microsoft Business Solutions Retail Management System supports standard UPCs, each Reynolds store now receives merchandise drop-shipped direct from distributors. UPCs map to company SKUs that provide all the product data. Except during sales, goods are sold at the suggested retail price on the manufacturer’s label.

Faster to Market

“We have just pulled 30 percent off our delivery times,” says Bozzetti, “by receiving floor-ready merchandise. Faster in is faster out.”

“When we showed our eight buyers how Microsoft [Retail Management System] would do purchasing, wouldn’t create problems, and one number would control everything, they were shocked,” Bozzetti says.

Reynolds is currently importing its old database of customers to a standard SQL Server database. Bozzetti says, “Bringing this data over will give us great flexibility and new ways to use it for marketing, because of the flexibility of the Microsoft systems.” A Web site is under construction.

IT Freedom and Flexibility

“Instead of being bound to a small group of vendors,” Bozzetti says, “we can pick and choose from several off-the-shelf packages available for any purpose we need. We can compare and get competitive bids.”

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about Sales Catalyst Consulting Group, LLC products and services, call (312) 666-1765 or visit the Web site at: www.sales-catalyst.com

For more information about Reynolds Bros., call (732) 282-9750.

"The data flow is easy and pretty much fool-proof," says Bozzetti. The Store Operations product of Microsoft [Retail Management System] manages each store. Its data uploads daily to Headquarters, the corporate solution residing in Lakewood, New Jersey, where the correct data sets travel to Microsoft Small Business Manager.

Resurgence

"We've cut costs in so many sectors--and some of them large costs--that we've turned the corner on this financial reorganization problem," says Bozzetti. "Our forward-looking conjectures are that we'll soon be out of it and start prudently opening stores again."

Avoiding Mistakes

Drawing on his degree in computer science and software development, Bozzetti advises any retailer, "When changing to a new system, ask twice about scalability. Can it smoothly and economically grow with you? And define your support options. System conversions never go exactly as they're predicted on paper. But if you have a good support plan and truly scalable hardware and software, you'll come through it faster and more smoothly."

Microsoft Business Solutions Retail Management System

Microsoft Business Solutions Retail Management System offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale (POS), customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Retail Management System is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Retail Management System has the flexibility and scalability to grow with a retailer's business. It works with the Microsoft Office System, Microsoft Windows® Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

For more information about Microsoft Retail Management System, go to: www.microsoft.com/pos

Software and Services

- Products
 - Microsoft Small Business Server 2000
 - Microsoft SQL Server 2000
 - Microsoft Windows® 2000 Professional
 - Microsoft Windows XP Professional
- Solutions
 - Microsoft Business Solutions Retail Management System

Hardware

- Hewlett-Packard ProLiant ML110 server
- J2 Retail Systems touch screens
- Dell PCs
- SonicWALL firewall
- Linksys switches
- Cisco routers
- Metrologic scanners
- EPSON POS printers

© 2004 Microsoft Corporation. All rights reserved. This case study is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY. Microsoft and Windows are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. The names of actual companies and products mentioned herein may be the trademarks of their respective owners.