



Microsoft Dynamics Customer Solution Case Study



Overview

Country or Region: Victoria, Australia
Industry: Retail

Customer Profile

Bicycle SuperStore is a Melbourne-based bicycle, accessories, and repairs franchise. The company operates or manages 11 stores with 81 employees.

Business Situation

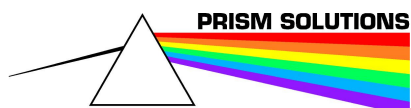
The company could not consolidate sales and stock data from its stores' point-of-sales systems. Consequently, inventories were managed individually by each store, which was administratively time-consuming, and constrained the business from leveraging economies of scale.

Solution

By implementing Microsoft Dynamics RMS, Bicycle SuperStore developed more profitable supplier relationships, reduced in-store administration, improved performance management, and lowered the cost of opening new stores.

Benefits

- Better, more profitable supplier relationships.
- Reduced in-store administration.
- Improved management oversight.
- Embedded scalability.
- Enhanced product-line management.



Bicycle Retail Franchise Geared Up for Expansion with Microsoft Dynamics Retail

“What I see is a 10–20 times increase in the efficiency of handling product-line data. Now store staff spend their time selling.”

Nigel Letty, Managing Director, Bicycle SuperStore

Bicycle SuperStore is an 11-store franchise based in Melbourne. Its stores sell and repair bicycles, and also retail a very large range of bicycle accessories. The company's growth potential was inhibited because all product-line data was managed at a store level. Maintaining product information for point-of-sales systems was time-consuming, and effort was replicated across stores. In addition, without consolidated stock and sales data, Bicycle SuperStore could not negotiate significant supplier discounts, or generate comprehensive performance reports. By implementing Microsoft® Dynamics® Retail Management System in its stores and head office, the company dramatically reduced in-store administration, generated savings and efficiencies from better supplier relationships and purchasing, and removed the major technical impediments to further store expansion.



Situation

Founded in 1986, Melbourne-based Bicycle SuperStore has grown by acquisition from a single outlet to an 11-store franchise. Its outlets sell bicycles and accessories and provide in-store bicycle repair. Including head office, the company employs 81 staff.

In 1989, the new owners of Bicycle SuperStore implemented an inventory tracking system that was rolled out to new stores as the franchise expanded. However, the system did not link sales data from point-of-sale (POS) machines. This was administratively burdensome – because there was no single company database, details for each product line had to be entered manually at each store.

“There was no consistency among our stores, because everyone updated their own databases separately,” says Nigel Letty, Managing Director, Bicycle SuperStore. “This meant there was a huge replication of effort as each store updated information on every product line into their systems.”

Since Bicycle SuperStore sold 25–30,000 different product lines, the effort required to keep each store’s POS system up to date was huge.

“One of the biggest bugbears was the amount of in-store inventory data management,” says Dan Levin, CIO, Bicycle SuperStore. “It was never-ending, as product lines were constantly evolving.”

The fact that each store held separate inventory systems had two further disadvantages. First, stores could not see what stock was available in other stores, so they could only sell products that happened to be in-store. Secondly, managers found it difficult to get a clear view of what was happening in stores on a day-to-day basis.

“If we wanted information we had to chase it,” he says. “Every Monday morning we were doing bike sales reports that took one and a half hours out of each store’s day.”

Because it was impossible, or extremely difficult, for head office to collate stock requirements, the company could not make bulk purchases for the entire business, or negotiate the discounts that bulk-purchasing would confer.

“Effectively, each store operated independently, yet the strength of a franchise is critical mass,” says Letty. “We didn’t have sufficient information to help stores with marketing and advertising and, most importantly, we couldn’t get a company view on our product lines. Consequently, we couldn’t exploit any economies of scale.”

For Letty, the absence of consolidated sales and stock data represented a fundamental business problem.

“Basically, we were not in a position to be able to grow the business,” he says.

“However, the company did not have the skills to analyze what exactly we needed to resolve that problem.”

Solution

In 2004, Letty recruited Dan Levin, a small business systems specialist, to assist. He conducted a review of Bicycle SuperStore’s business and information needs, and recommended investing in a customer relationship management (CRM) system that linked with stores’ POS, and collated all stock and sales data in a central database.

Levin believed that the relationship between Bicycle SuperStore and the supplier should be a critical factor in deciding which system to implement.

“We can make all stores abide by an approved brand list. So we are able to buy on better terms, and also develop better relationships with suppliers. This is real economies of scale.”

Kris Cerini, Product Manager, Bicycle Super Store

“We were looking for a strong and flexible relationship with the people behind whichever system we bought in case we needed to do something non-standard,” says Levin. “For example, if I wanted to increase the size of a field in a database, I would need inside knowledge, so the supplier relationship was very important.”

Additionally, the company was anxious to deploy a solution that was compatible with the Microsoft SQL Server range. Currently, it used Microsoft SQL Server 2000, and believed the flexibility of such databases would give it the scalability to grow.

Based on Bicycle SuperStore’s needs, Microsoft Gold Certified Partner Prism Solutions suggested Microsoft Dynamics Retail Management System (RMS). The package includes both a Store Operations module, which is a stand-alone application that manages POS data, and a Head Quarters module, which enables the manager to observe and control inventory, pricing, supplier details, promotions, customer information, and reporting.

“They wanted visibility across all stores,” says Bill Cetiner, Managing Director, Prism Solutions. “This is where RMS is very powerful, because it puts head office in control of all product information.”

In March 2005 Bicycle SuperStore implemented a test RMS at a store in Ferntree Gully, Victoria. Getting the initial system fully operational took six months, because information on 25–30,000 product lines had to be entered into the system.

However, since the benefit of RMS was the ability to manage products across the franchise chain much better, Bicycle SuperStore also hired a product manager who helped commission the new system.

After Ferntree Gully became operational in December 2005, RMS was successively implemented at each of the other outlets, with all stores becoming operational by the end of 2006.

Benefits

Since implementing RMS across all its outlets, Bicycle SuperStore has been able to benefit from its economies of scale. Store administration has been dramatically cut, so staff can concentrate on service; whole-chain stock purchasing has improved supplier relationships and increased discounts; and head office can track store performance in detail, investing resources more efficiently.

Cutting store administration

Store-based staff have experienced a huge reduction in their administrative workload as all stock data is pulled automatically from their POS system into the head office database.

“Most of their administration has disappeared,” says Levin. “Now, everything to do with receiving, till data management, reconciliation and ordering is taken care of by RMS. Product data administration was always a burden to store staff, and RMS has cut it to a tenth of what it was previously.”

“Because of the very large number of product lines, it was very difficult for individual stores to update the large amount of product data in their own asset database,” says Letty. “This is now done for all stores at head office, and takes hours, not weeks.”

The overall effect of centralizing product data entry and management and supplier relations to head office is to free store staff to concentrate on what they do best.

“The beauty is that this system is completely scaleable. As the franchise grows, we can roll it out to new stores without any issues.”

Nigel Letty, Managing Director, Bicycle Super Store

“What I see is a 10–20 times increase in the efficiency of handling product-line data,” says Letty. “Now store staff spend their time selling.”

Improved supplier relations

Because supplier relationships are now centralized, Bicycle SuperStore has been able to use its size to improve the way it negotiates with suppliers.

“We can make all stores abide by an approved brand list,” says Kris Cerini, Product Manager, Bicycle SuperStore. “So we are able to buy on better terms, and also develop better relationships with suppliers. This is real economies of scale.”

The company is also able to control its inventory better, and therefore head office can exert greater control on purchasing and developing the business.

“We control the price centrally now,” says Cerini. “And I manage how much stock we carry. Plus I can look at our history to forecast sales.”

Finally, better supplier relations mean that the product data Bicycle SuperStore needs is delivered in a more helpful format, which decreases head office’s administrative burden.

“Suppliers have systems that are unique to themselves,” says Cerini. “But because we now purchase for 11 stores, they give us the information in the form that we want.”

Better performance management

RMS enables Bicycle SuperStore to generate detailed reports that compare performance across all stores and enable managers to analyze why parts of the business are more successful than others.

Letty is particularly impressed by the flexibility he enjoys with sales data.

“RMS gives a broad range of reports,” he says. “But because the data is housed in SQL, we can create the reports that we want.”

Head office generates reports that compare turnover and margin across all stores. This enables management to see who is a big discounter and whether the discounting is successful.

Letty can now look at why a particular store appears to be performing well in certain aspects, and get the stores to communicate with each other so they can follow suit.

“The result is that we can raise the bar for all stores, because we can experiment with business ideas, see how they work, then roll them out to all the other stores,” he says.

Room for growth

For the managing director, RMS has solved a basic business problem: how to grow. The efficiency of managing product line data at head office, and being able to use size to negotiate supplier discounts, mean that the constraints on growing his business have largely been lifted.

“The beauty is that this system is completely scaleable,” says Letty. “With the vision being 100 stores and expansion overseas, we can deploy to new stores without any issues. Our expectations have now changed; we just couldn’t contemplate the complexity of trying to open a new store without centralized data.”

“RMS has allowed management to think forward – to think about how we really want to grow the business without being constrained by information technology.”

For More Information

For more information about Microsoft products and services, call 1800 197 960.

To access information using the World Wide Web, go to:

<http://www.microsoft.com/australia/dynamics/>

For more information about Prism Solutions Pty Ltd products and services, call +61 3 9596 8633 or visit the Web site at: www.prism-solutions.com.au

For more information about Bicycle Super Store products and services, call + 61 3 9764 2233 or visit the Web site at: www.bicyclesuperstore.com.au

Microsoft Dynamics

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