

Case Study

Saris Cycling Group

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Peddles to \$100,000+ in
Annual Cost Savings

About Saris Cycling Group

Saris Cycling Group designs and manufactures products for the bicycling industry. Founded in 1973 when they invented their first bike rack, the company has evolved to add performance training products. With a company of dedicated product managers, ingenious engineers, and hardworking employees, they are respected world-wide and have a brand that is trusted by bicycling enthusiasts.

Challenge

Implement a system to provide better insight into the manufacturing plan, on hand inventory, and efficient order fulfillment.

After years of steady growth, Saris found itself unable to easily retrieve accurate and timely data for sales, inventory, production analysis, and financial reporting. The inability to do efficient manufacturing planning drove up net inventory over multiple locations and their current system lacked the flexibility to adjust its planning fence as needed. In addition, data was entered, reported, and accessed multiple different ways throughout all parts of the business.

Saris needed an ERP system to increase efficiency, reduce costs and integrate the following:

1. **Shipping:** Integrate an electronic shipping system to help reduce extra charges, reduce redundant entry, find the best pricing, and accurately calculate proper freight charges.
2. **Production Schedule with Inventory Integration:** Provide the ability to respond to daily/hourly changes in demand, identify priorities quickly, and shift labor where needed.
3. **EDI:** Reduce double entry and improve order turnaround time.
4. **Inventory Management:** Saris needed tools to manage their net inventory over multiple stock locations

Solution

Racking up the Integrations

Saris hired Innovia Consulting to implement Microsoft Dynamics NAV and customize the application to fit the specific needs of Saris.

Case Summary

Enabling Technology:

- Microsoft Dynamics NAV, 30 users
- Microsoft SQL Server 2005
- Windows Server 2003
- Microsoft Office Integration
- Lanham EDI and eShip

Solutions:

- Innovia knowledge base
- Innovia business model

Results:

- Reduced Shipping Costs by \$100,000 annually
- YOY growth of 12 to 23% without adding additional staff
- Increased efficiency and reporting
- Enhanced net inventory management
- Improved customer communication and reduced customer service calls

Innovia identified five primary areas of focus including:

1. Production Schedule
2. Inventory Management
3. EDI integration
4. Shipping Management
5. Reporting Capabilities

Each area called for a custom configuration of the NAV application and a keen understanding of the other areas of business. The first thing Innovia had to tackle was inventory management as it became apparent that Saris often had extra inventory sitting at other locations which could be used to supply the demand versus manufacturing new products. NAV had to look at net inventory, not the inventory for a specific location in order to reduce overall inventory throughout all locations while still being able to manage demand. By managing net inventory, Saris would be able to improve its production schedule and adjust its manufacturing planning fence, instantly, based on labor and demand.

The ability to manage production and inventory would be further enhanced through the use of an electronic data interchange (EDI) system. By integrating Lanham's EDI application into NAV Saris have more significant productivity gains. If orders were brought in directly to NAV, ASN's and invoices could be sent out automatically at the time of shipment. This would reduce order turn-around time, and eliminate order entry mistakes. The EDI application would also improve shipping costs since the current system required the import and export of EDI related information to be manually entered between 3 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. By using Lanham's EDI with integrated eShip, Saris could ship direct to FedEx and UPS, eliminating double entry of data, and providing customers with tracking information, thus improving their overall shipping management.

The final step focused on reporting capabilities to provide accurate and timely access to sales, financial, inventory and production information throughout the organization. To accomplish these reporting needs, the system would use Microsoft reporting tools within Dynamics NAV and SQL Reporting Services.

Looking Ahead

Within 10 months of EDI deployment, Saris saw a positive ROI and they are continuing to see significant business impact from the NAV integration. With their increased labor efficiency, Saris has been able to grow year over year by 12 to 23% without adding additional staff any area including shipping, A/P, A/R, and Purchasing/Planning with negligible increase in production employees. The improved inventory management means production only increases because of overall growth, not because of location-specific inventory, thus cutting costs on both production and inventory management overall.

EShip is resulting in tremendous labor savings in the UPS/FedEx parcel shipping area. The software now allows packages to be shipped directly from inside Dynamics NAV, eliminating the re-entering addresses and tracking numbers back into Dynamics NAV. It's estimated that the labor savings are over 50% and the ongoing shipping savings is estimated to be over \$100,000 annually. With these improvements, customer service has improved, providing customers with tracking information via email along with the bill-of-lading. By proactively providing this information, the number of customer service calls Saris receives has decreased.

Customer service is further improved by using SQL Reporting Services (SRS), allowing Saris to create reports specifically for their customers. The reports have enabled the automation of past paper processes by using SRS subscriptions. Through these subscriptions, errors and missed purchase orders have been reduced since vendors are automatically sent reports each week, allowing them to verify orders and communicate inaccuracies.

According to Saris' material manager, Kevin Fons, "Dynamics NAV has allowed Saris to grow without adding additional staff by allowing flexibility to change adapt and become more efficient." Fons further contends that while the company would have continued to grow, "we would have never grown at this rate, this quickly, if it wasn't for NAV and Innovia's ERP team. They really have our back."

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Kevin Fons, Materials Manager