

Case Study

Continental Fragrances

Continental Fragrances Grows to #1 Personal Care Products Distributor by Cutting Costs

About Continental Fragrances

Continental Fragrances Ltd is the parent company for The Salon Grafix hair care line. Salon Grafix was developed to offer high-quality, yet affordable hair care products to the masses. Started in 1983, under the notion that everyone wanted to look good, but no one wanted to spend their life savings doing so, Salon Grafix Shaping Hair Spray offered the salon quality that people wanted without the high price tag. Now, Salon Grafix is the #1 brand of aerosol hair spray sold at retail stores across the United States and has recently become available in Canada.

Challenge

Provide an efficient and effective way to report financials, manage inventory, reduce shipping costs, and increase customer satisfaction.

As Continental Fragrances revenues grew, the need for an integrated vision into their manufacturing plan, on hand inventory, and efficient order fulfillment became apparent. Within the current system, Continental Fragrances was unable to easily retrieve accurate and timely data for sales, inventory, profit analysis and financial reporting. Continental Fragrances recognized that without the implementation of an integrated ERP system, the growth potential of the company might be severely limited. It needed a system that could:

1. Manage inventory levels efficiently to reduce costs and increase customer satisfaction
2. Reduce shipping costs by replacing inefficient, often duplicate, data entry processes
3. Have an integrated ERP and EDI system
4. Incorporate an electronic shipping system

An electronic data interchange (EDI) integration was a key strategic piece in Continental Fragrances since EDI is the standard by which most of Continental Fragrances large retailers do business. At the time, import and export of EDI related information was being manually entered between separate systems. An EDI integration with an ERP system would reduce double entry and improve order turnaround time. With an electronic shipping setup, Continental Fragrances could reduce extra charges, reduce redundant entry, find the best pricing, and accurately calculate proper freight charges.

Case Summary

Enabling Technology:

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

Solutions:

- Innovia knowledge base
- Innovia business model

Results:

- Labor related shipping costs reduced by 50%.
- YOY growth of 12 to 23% in product sales with no increase in staff
- Annual savings of over \$100,000 in shipping costs
- Increased Customer Satisfaction
- Increased employee efficiency

Solution

To implement the right ERP system, Continental Fragrances chose a Key Microsoft Partner, Innovia Consulting. Innovia's ERP team worked closely with Continental Fragrances to identify the unique needs of the business in order to customize the NAV application. The custom system integrated Microsoft Dynamics NAV, SQL Server 2005, Windows Server 2003, and Microsoft Office in combination with Lanham EDI and eShip.

With the implementation, Continental Fragrances was able to accomplish the following:

1. **Reduce Inventory:** Microsoft Dynamics NAV looks at net inventory to ensure that proper levels are maintained to achieve customer service levels without committing unnecessary financial resources to inventory.
2. **EDI Integration:** Using Lanham's integrated EDI system, orders are brought in automatically to NAV and at time of shipment ASN's and invoices are sent automatically.
3. **Shipping Management:** Continental Fragrances can ship direct to FedEx and UPS using Lanham's integrated eShip solution. This eliminated double entry of data and provided customers with tracking information.
4. **Accurate Reporting:** Using Microsoft reporting tools within NAV, Continental Fragrances has the ability to provide accurate and timely access to sales, financial and inventory information throughout the organization.

Looking Ahead

Impressive productivity gains were realized very quickly. Addressing Inventory, Order Scheduling, EDI, Shipping and reporting is resulting in a reduction in order turn-around time, and elimination of order entry mistakes. Using e-Ship enables Continental Fragrances to increase their level of customer service and provides customers with their shipment tracking information via email along with the bill-of-lading. As a result, there are fewer customer service calls to work through. EShip is also showing tremendous labor savings in the UPS/FedEx parcel shipping area. The software allows packages to be shipped directly from inside Dynamics NAV, eliminating address re-entry in the shipping systems and placing tracking numbers directly back into NAV. The combination of these efforts has resulted in labor savings on shipping alone of over 50%.

The efficiency increases were noticed throughout other parts of the business as well. Since deploying NAV, Continental Fragrances has grown 12 to 23% in product sales, year over year, without adding additional staff shipping, A/P, A/R, or Purchasing/Planning areas. And there has been negligible increase in warehouse employees as well.

Even with the increase in product sales, inventory costs were still reduced. Because Continental Fragrances procures 80% of their components domestically and are able to compete and many times beat overseas sourcing options. With the new system, Continental Fragrances only orders the right quantities for what they need when they need.

Overall, the positive ROI of these efforts were felt within 10 months of implementation. Now that all EDI processing is integrated automatically into NAV, the re-entry of information and importing and exporting of files is eliminated. The projected savings from the EDI/e-Ship project alone will result in an ongoing annual savings of over \$100,000.