CASE STUDY:
CENTURY MARTIAL ARTS

Martial arts retailer upgrades technology to improve customer experience

Overview

Century Martial Arts is a classic entrepreneurial success story. Martial arts champion Michael Dillard founded Century Martial Arts in 1976 by initially selling uniforms from his garage and at small booths at karate tournaments. Today, Century Martial Arts manages multiple channels and a product assortment of more than 11,000 SKUs at a 650,000 sq ft facility in Oklahoma City, Oklahoma that houses its administration, manufacturing, warehousing and distribution operations. The company employs more than 250 workers, many of whom actually practice martial arts, including several managers, with varying degrees of black belts, who teach classes to employees. It is that commitment, not only to martial arts, but also to innovation and teamwork which has made Century Martial Arts the largest retailer of martial arts equipment in the world.

As sales surged and the company expanded into multiple channels, Century Martial Arts realized it needed to replace its numerous aging, disparate legacy systems and standardize into one single leading-edge enterprise resource planning (ERP) platform to manage growth and position the company strongly for continued innovation and expansion. Century Martial Arts chose RSM US LLP as its implementation advisor for a large-scale ERP rollout of its entire operations because of the depth of RSM’s IT experience, as well as in the retail industry.

The 18-month rollout of Microsoft Dynamics® AX went live on April 1, 2013, and has enabled its 161 users quicker access to data for more timely and agile decision-making that helps manage the company’s growth.

Situation

Century Martial Arts’ business extends into multiple channels, including the direct to consumer business through its own onsite showroom, e-commerce websites, call center and catalogs; a wholesale business through school owners and martial arts associations; and a sporting goods division that includes virtually all of the major sporting goods retailers. Century Martial Arts is also the exclusive equipment licensee in
North America for the Ultimate Fighting Championship (UFC) where it designs and manufacturers its training equipment.

As Century Martial Arts added more customers and sales channels, the company’s IT systems also grew equally more complex with aging and multiple disparate databases, business systems and platforms. Not only were these disparate systems hard to manage and maintain, but it also created a siloed enterprise which fundamentally impaired the visibility of operations, and timeliness of data access. “We did not have quality visibility across our systems,” explains Dwain Pattillo, Century Martial Arts senior developer. “Reporting was not only difficult to do, but it was time consuming, which affected our ability to make timely business decisions.”

Paul Webb, vice president, technology at Century Martial Arts, sums it up by saying, “This environment simply couldn’t keep up with our future growth. We wanted this implementation to revamp the way we do business, streamline processes and better position our company for the future.”

The solution

Easy to integrate
Century Martial Arts implemented the Dynamics AX ERP platform with a custom-designed business intelligence (BI) system, called Merchandise Trends, developed by RSM.

The success of this implementation largely was a result of teamwork, both internally and with several business advisors. Century Martial Arts’ key business advisor that brought a great deal of skill and experience to the project was RSM.

“The project team was a great combination,” notes Webb. “RSM had consultants, who were not only experienced with Dynamics AX, but also in retail, manufacturing and even accounting, and really understood best practices and our operations. They gave us valuable advice and were our advocates based on all their experiences, some as customers themselves and others as consultants with numerous similar engagements. It was a team effort with a common goal and shared vision.”

The project team included the IT staff, department subject matter experts from Century Martial Arts and senior consultants and developers from RSM. This team worked collaboratively with employee groups within the company and helped coordinate the efforts of Century’s other business partners involved in the project. Successful collaboration was aided by the weekly status meetings and constant communication within the team. According to Mike Maloney, Century Martial Arts IT director of operations, the meetings were particularly beneficial in managing scope creep and the progress of the implementation. Overall, Maloney praises the execution of the implementation. “This two-year project was the most successful implementation of its size which I have ever been involved with in my career.”

Benefits

Integrating manufacturing with the enterprise
Century Martial Arts manufactures a wide array of products, including training bags, belts, uniforms and sparring gear at its headquarters and overseas.

The company also runs a custom order business out of its Oklahoma plant where it makes personalized items, such as embroidered uniforms displaying a dojo’s logo. Under the previous system, manufacturing operated in a truly segregated environment where it was not part of the overall workflow of the company. That led to numerous manual processes and an over reliance on spreadsheets.

Notably, the implementation didn’t disrupt manufacturing operations. In fact, manufacturing never lost production time on the floor and manufacturing orders were all met on time, says Kim Johnson, manager of manufacturing. With Dynamics AX, Century Martial Arts now can generate a single, unified view of all information across all segments of the company.

Streamlining business processes
The implementation resulted in streamlining businesses processes throughout the company. Johnson reports the purchase order process and the ability to track item allocation information by month and item history have all improved since the implementation. Order entry now is standardized across all channels and consistent inventory information can be accessed across the different channels.

Order processing has never been quicker, too. Previously, when an order was placed in the company’s retail operations, it would typically be processed between 30 minutes to an hour, thus allowing customers to call the call center to modify their orders within that window. Now, once the order is placed, the warehouse begins processing that order within nine minutes. This speed can become a “double-edged sword,” quips Pattillo. Surprisingly, the company’s sales people have inquired about slightly slowing down the speed of order processing to allow customers more time to change their minds after placing their initial orders.

For sporting goods orders that rely heavily on EDI, order fulfillment has never been faster. Jake Merrill, Century Martial Arts eRetail account manager, says he has seen a much smoother and simplified processing of EDI orders. In fact, he reports a steep reduction of about 60–70 percent in order processing time with EDI orders compared to the previous system.

Renee Hinton, Century Martial Arts call center manager, also cites notable improvements across many businesses processes such as the automation of time-consuming and manual practices in return merchandise authorization (RMA), as well as backorder transactions. Dynamics AX enables employees
to view and keep track of all returns to the customer level. The system has significantly reduced the time to process a return from four to six weeks to three to five days, she reports. In the case of backorders, Dynamics AX significantly reduced the time for employees to review daily backorders and eliminated the manual step of creating a new order when the product became available, and instead immediately processes the product for shipping. Hinton notes, the new system also has improved the overall one call resolution process which has resulted in a noticeable decrease in call backs.

Promoting innovation
Innovation has always been a competitive differentiator for Century Martial Arts, which is evidenced by the numerous patents it owns on a variety of its popular products. That commitment to innovation is why it is so strategically important for the company to achieve complete visibility throughout its operations. Any blind spots in its operations can compromise innovation in terms of the development cycle, quality or speed-to-market. The new Dynamics AX system gave Century Martial Arts the end-to-end visibility of operations it needed to not only drive process efficiency but also promote better collaboration and teamwork. Webb says, “We now have the platform that allows us to become even more aggressive in innovation and go to market faster.”

Interoperability and mitigating risk
Dynamics AX offered the scalability and flexibility the company needed to grow and the specific functionality required to stay ahead of the competition. However, the interoperability of Dynamics AX is what will help future proof the company’s IT systems. Integrating new applications with Dynamics AX requires less development since there are so many available native applications and interfaces based on that platform. There is less risk with Dynamics AX compared to proprietary and heavily customized applications, which only a few developers may know how to program. The ease of use also has helped in user adoption, too. In fact, new hires have caught on much faster to Dynamics AX than the previous system.

Business intelligence
The lack of visibility into operations was very challenging for the company when it came down to performing more advanced analysis and reporting. Maloney notes, “Reporting was not only difficult to do, but it was time consuming, which affected our ability to make timely business decisions. Our previous systems often did not integrate efficiently, which placed a firewall between the different organizational units. This put an additional burden on the IT staff to merge data from multiple sources and build complex reporting for executives so they could have visibility of the organizational unit as a whole.”

That burden, however, was significantly reduced for the IT department since many employees now can do their own advanced analysis and reporting by using their newly developed BI system, Merchandise Trends. The company is using RSM’s Merchandise Trends to perform better customer analysis, spot market trends faster, identify red flags and ensure any new initiatives are aligned with the company’s overall strategy.

This implementation also has freed up the IT department to focus on more strategic initiatives and evaluate new technologies. Employees now can display results in seconds compared to creating reports that took up to an hour under the old system which required running data from multiple systems. “This system has become a real competitive advantage,” Webb notes. “The company now has more analytics available to them than ever before. Not only is turning data into meaningful information easier but faster, too.”

Delivering a superior customer experience
For Century Martial Arts, the implementation resulted in a connected enterprise that delivers a 360-degree view of information and a single version of the truth about their business. Getting to that single version of the truth requires collaboration, shared data and streamlined processes, which were all accomplished through standardizing on the Dynamics AX platform.

“This implementation was a quantum leap for positioning the company for future growth,” concludes Webb. “Not only can we provide a consistent and proactive customer experience across all of our channels, but we also have the information we need to stay at the forefront of our industry.” In the end, that will ensure Century Martial Arts is well positioned to acquire new customers and improve the loyalty of existing ones for years to come.