CASE STUDY: FRANKFORD CANDY™

Frankford Candy improves its business flexibility and visibility

Overview

A significant growth curve and constant change have been common threads throughout the history of Frankford Candy. The company started with a single product and later developed product lines around holidays and seasons. Company revenues have grown at a substantial rate since 2004, and today the company offers novelty confections for popular licenses and food brands, including Nickelodeon®, Hello Kitty®, Welch’s® and Disney®.

To meet the standards of sophisticated retailers, carefully track fees for licensed trademarks and manage exponential growth, the company wanted to give its management, manufacturing and distribution staff the ability to keep closer tabs on important metrics and reports and enable them to quickly take the actions that help ensure customer satisfaction and fuel success. The company also wanted to minimize administrative overhead.

By collaborating with Microsoft® partner RSM US LLP, Frankford Candy originally implemented Microsoft Dynamics® AX 3.0 with RSM’s vertical-specific software, JunctionFB™, and then later seamlessly upgraded to Microsoft Dynamics AX 2009 with JunctionFB. Frankford Candy now has a solution that improves timeliness of information access and reduces administrative management, ultimately giving the growing company better control of its business.

Background

Philadelphia, Pennsylvania—based Frankford Candy helps people of all ages satisfy their craving for sweets by manufacturing, importing and outsourcing candy that appeals to the eyes as well as the taste buds. Through exclusive licensing agreements with companies, Frankford Candy distributes candy by using familiar and beloved trademarks through well-known retailers such as Walmart®, Walgreens®, Target® and Kroger®.
Since being founded in 1947 with a single product (chocolate Easter bunnies), Frankford Candy has undergone constant growth and change. By 2004, the company reached a point where it needed to be more strategic in technology and process investments to manage its growth while keeping pace with changing industry-trading standards such as electronic data interchange (EDI). The company looked for a new manufacturing and distribution business management system to meet these needs. Its own aging and inflexible custom system running on an IBM® System/36 computer had become difficult to upgrade and costly to manage.

Although key to its rapid and significant growth, the licensing model put certain requirements on the company’s manufacturing and distribution software. For example, the company needed to carefully track royalty fees that it owed to trademark owners. People at Frankford Candy also needed to have visibility into the supply chain for imported and outsourced goods, and track labor and material costs for manufactured goods, including landed costs such as freight and duty.

In April 2005, Frankford Candy implemented a business management solution based on Microsoft Dynamics AX 3.0 and RSM’s industry-specific product suite for food and beverage manufacturing, JunctionFB. “RSM had the right vision and industry experience that we were looking for,” says Nathan Hoffman, senior vice president at Frankford Candy. The solution supported Frankford Candy’s various business models and functions including manufacturing, importing, licensing and distribution.

Through its licensing business model and by extending its line beyond seasonal products, the company experienced significant growth, fostering expansion from one facility to three. Today, a significant portion of its business comes from imported candy. Frankford Candy directly manufactures all of its chocolate products. “By offering brands and everyday products, we saw sales really explode,” remarks Hoffman.

Like most companies today, Frankford Candy strives to expedite access to information, streamline and simplify processes and practices, and minimize overhead. The company looked for a solution that would help people quickly access information and further improve management of manufacturing and distribution.

The solution

Working with RSM, Frankford Candy upgraded to a newer version of Dynamics AX with JunctionFB, gaining new functionality that improves business management and prepares the company for its next five years. JunctionFB powerfully extends Microsoft Dynamics AX for the food and beverage industry. The company also relies on Microsoft SQL Server database management software and SQL Server Reporting Services.

Well-planned, unobtrusive upgrade

Aware of Frankford Candy’s seasonal busy periods, RSM knew that it would be important to plan the solution upgrade with the business calendar in mind. Scheduling the deployment during Easter season, for example, posed the potential for risk, because this is a very busy period where Frankford Candy derives a significant portion of its revenue. However, RSM avoided the risk through careful planning and preparation several months in advance, and by completing the deployment during the four days Frankford Candy closed for Easter weekend. In this way, RSM minimized the impact to the business and had the new solution running by the time people returned to work on Tuesday.

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NATHAN HOFFMAN, SENIOR VICE PRESIDENT, FRANKFORD CANDY

The upgrade project involved three primary tasks: upgrading to the latest version of Dynamics AX, integrating with new EDI software and helping Frankford Candy perform a detailed functional test. For the upgrade, RSM followed the five-phase Microsoft Dynamics Sure Step methodology:

- **Assessment** – RSM helped Frankford Candy understand cost, timelines and other factors related to performing a smooth and easy upgrade.
- **Analysis and design** – Frankford Candy and RSM developed project plans, analyzed feature changes, developed more detailed cost estimates and identified related changes.
- **Development** – RSM prepared the code base for compatibility with the new version of Dynamics AX and performed the upgrade. The solution’s unique layered architecture enabled RSM to perform the upgrade quickly and in a fraction of the time it took to initially implement Microsoft Dynamics 3.0.
- **Deployment** – RSM used a detailed cutover plan and a data upgrade process to switch to the new version with minimal downtime. By using data upgrade capabilities integrated into Dynamics AX products, Frankford Candy moved its data set to the new version over a single weekend.
• **Operation** – RSM committed to keep resources on-site and off-site for the first week and off-site for the subsequent weeks until Frankford Candy was satisfied with the deployment and business was operating smoothly. To support ongoing operations, the company now relies on RSM’s incident-based support.

To further make the upgrade seamless for Frankford Candy, RSM took full responsibility for planning and integrating the EDI software.

**A solution for better business management**

By using the new solution, Frankford Candy has the ability to improve the day-to-day management of its business through better reporting and access to information. Hoffman comments, “The metrics we receive from Dynamics AX allow us to manage the company closely with a high oversight view.”

Events built into the system kick off email notifications to key stakeholders near the end of every business day, helping those people keep an eye on important metrics and take action as needed. The solution notifies key managers of orders created each day, for example, along with expenses and forecasted margin.

Approximately 60 users now rely on the manufacturing, distribution and food and beverage capabilities in Dynamics AX and JunctionFB. That’s 40 more users than in 2005, when Frankford Candy worked with RSM to implement the earlier version. “The number of users did not grow in proportion to company growth,” Hoffman explains. “It didn’t need to. To a large degree, we credit that to the fact that the upgraded solution that RSM implemented is more streamlined, so our people are more efficient.”

People in accounting, supply-chain management, product development and marketing, and shipping rely on the solution from RSM and Microsoft in the following ways:

- **Accounting** – Managing accounts receivable and payable, credit and order entry. The solution turns customer orders into sales orders, pick lists, packing lists and invoices.
- **Supply chain** – Performing item setup and management, purchasing and expediting.
- **Product development and marketing** – Entering item specification and ensuring accuracy to avoid fines that retail chains impose for incorrect information.
- **Shipping, warehousing and receiving** – Posting pick lists, packing slips and bills of lading.

In addition, the sales and marketing departments and company management can access information such as profitability by item, customer, season and category.

**Visibility for managing import supply chain**

The solution gives people at Frankford Candy the visibility and tools that they need to do their jobs effectively. “Having visibility into the supply chain of imported goods is critical to managing for profitability,” says Hoffman. “Having visibility into landed costs—the cost of freight versus the cost of duty versus cost of materials—lets us isolate cost factors so that we can, for example, negotiate price with shippers or compare duty costs and shipping costs by geography to come up with the best and most competitive supplier.”

**Insight for managing cost of manufactured goods**

The upgraded solution also supports the manufacturing side of the business. With integration between Dynamics AX and Kronos® time and materials software, Frankford Candy can more easily manage bills of material and labor. “Shop floor costing and labor seamlessly roll up into a work order or production order in Dynamics AX so that we can see the cost of materials and actual labor cost,” describes Hoffman. “Sales, marketing and management receive an email report of what shipped that day. They receive this report automatically daily, not just once a year or once a quarter or when they request it. The report highlights success and problems and helps people focus on what needs attention.”

**Benefits**

With this upgrade, Frankford Candy gains a manufacturing and distribution solution that improves timeliness of information access and reduces administrative management. The result is better management of its business. Hoffman remarks, “RSM was seamless in their deployment of the solution.”

**Smooth implementation**

Frankford Candy was extremely pleased with the upgrade. Hoffman, who also has IT responsibilities and worked closely with RSM, says, “What I hear from users, and this is the biggest compliment you can get with an IT project, is nothing. No problems. When you do your job right, you don’t hear anything, and no news is actually good news. Since RSM implemented the new system, we’ve been using it successfully.”

**Improved information access and reduced administration**

One reason Frankford Candy chose to upgrade its Dynamics AX solution is the familiar user interface. Modeled after Microsoft Office, it reduces training requirements and increases the speed of adoption.
Frankford Candy manages its business based on data that comes out of Dynamics AX. "The fact that Microsoft Dynamics AX tables are laid out so cleanly enables me, an accounting major, not a programmer, to write simple queries against data stored in SQL Server by using SQL Server Reporting Services," Hoffman comments. "As a result, we don't have the need for a large in-house IT department."

Frankford Candy benefits from improvements in Dynamics AX 2009, such as the ability to run batch jobs without resetting the server. "In the old system, if you reset the server, resetting batch jobs was a manual function," remarks Hoffman. Now, he says, "you set them up once and you don't have to tend to them regardless of whether the server is reset or not. They just run."

Better business management
The company also appreciates improved reporting in its updated SQL server. "Now, I can refresh a PivotTable in a fraction of the time it used to take," enthuses Hoffman. "Reports kick off and run to several different departments. At certain times or based on certain events, reports go to certain departments, key management, shipping, the warehouse and so on, and it all goes much more quickly now and uses technical improvements that enhance the performance of Microsoft Dynamics."

Unparalleled service and support
RSM understood Frankford Candy’s business rhythm and accomplished the upgrade quickly and with very little impact. "I appreciated the dedication of the RSM team," says Hoffman. "RSM worked through Easter weekend to upgrade the solution. When people signed in Tuesday, they were online with the new environment."

Hoffman and the team at Frankford Candy have also come to appreciate the prompt support that they get from RSM, having subscribed to incident-based support since 2008. "The support we’ve gotten from RSM is 24/7, so in the rare instances when we need help, we get it," says Hoffman. "With 60 people relying on a system, it’s reassuring when I reach not just anyone at the support desk, but the person that I need to resolve the issue."