CASE STUDY: SIMON PEARCE

Simon Pearce improves customer service with Dynamics AX for Retail

**Situation**

Phillip Pearce, a farmer in Ireland, had a dream he should instead be a potter. He left farming and established Shanagarry Pottery. His son, Simon, took up the tradition and began his own career working in his father’s pottery before discovering an interest in hand blown glass.

Pearce pursued this interest, eventually opening up his own eponymous shop in Kilkenny, Ireland in 1971. In 1981, he moved operations to the United States, setting up shop in Quechee, Vermont. Here, in a restored historic mill, the Simon Pearce retail organization began to flourish.

Simon Pearce embraces the principles of simple design, high quality, individuality and functionality in each piece. These ideas also translate into shaping the culture of the company as well, creating the unique identity in the specialty retail marketplace the organization enjoys today.

**Multiple sales channels, complex needs**

Simon Pearce has cultivated a reputation for premium, beautifully designed glassware and pottery pieces. The company operates out of headquarters in Windsor, Vermont and has three manufacturing facilities producing over 434,000 pieces of pottery and glassware each year.

Simon Pearce operates five different sales channels. The company has eight of its own retail stores, a catalog and an online store. The company runs an award-winning restaurant with one of its retail stores attached on the scenic Ottauquechee River in Vermont. The company also has a wholesale business, working with over 500 partners to resell their merchandise through retailers such as Neiman Marcus.

Finally, there is a corporate award business where customers can place orders for personalized merchandise. These transactions are usually the most complex due to the volume, pricing and individual characteristics typical to each order. The customers also usually require the highest level of service, due to the customer approvals and processes necessary to produce these products.
The company’s busy seasons run throughout the year. Approximately 60 percent of its revenue is generated from August to December.

Rooted in tradition, positioned for progress

Though the company is rooted in traditional craftsmanship, Simon Pearce did not want its technology to be behind the times. The vendor for Simon Pearce’s Unix-based platform discontinued support of the product. This situation presented Simon Pearce with an opportunity to take a look at its current state and decide what the company truly needed to improve operations, address critical business challenges and allow for future growth.

With such a unique and diverse operation, Simon Pearce faced several obstacles with its legacy system. A primary challenge impacting productivity was the pervasiveness of manual processes in many areas of the operation.

The impact of pervasive manual processes

The warehouse, on average, processes 200 packages a day. During the height of the busy season, this increases to 700 to 800 packages per day. With the legacy system, warehouse staff had to hand key the seven-digit order number into the shipping manager for each order. This time-consuming process impacted productivity and also didn’t provide any address validation.

“When you ship something incorrectly in our business that can have major ramifications for customer satisfaction,” said Bill Heston, director of information, Simon Pearce. “Because it is a premium product, if we don’t get it right for the customer, we don’t get a second chance. We have to get it right every time.”

The manual process to reconcile and allocate shipping costs was also a hurdle to productivity. The legacy solution did not integrate with all the major shippers, so getting accurate pricing for shipping was very difficult. Simon Pearce had to manually parse bills and allocate costs. This took several hours of work each month to complete.

It was also not easy to get a standard customer order update. Because customer information and order status is not readily accessible in real time by the customer service representative, a simple order status inquiry may take up to 45 minutes to complete and required multiple phone calls. This rigorous process occurred simply because order information was on paper or in a disparate database and not in a widely accessible system.

The need for a connected, enterprise-wide experience

Simon Pearce needed a solution that could provide a connected experience, from the register to the warehouse so that the retail staff, customer service and warehouse staff could see the same information and optimize order turn time. “Having a system where you can capture this data at the register and it is fed to the warehouse in a way that is understandable, clear and standardized so there’s no guesswork is going to be critical to meet our customer’s high expectations,” said Heston.

Aging legacy solution no longer a fit for the growing business

The aging legacy solution would also “hiccup” often. Employees would have to manually post sales because an update wouldn’t occur in the evening. They would run out of disk space and files would have to be purged, losing historical data.

“The legacy solution was really a point-of-sale system,” said Terri Pare, executive director of finance and administration, Simon Pearce. “It could handle our order entry business and we had some functionality that helped in the warehouse. It wasn’t really a comprehensive enterprise resource planning (ERP) system.”

In addition to the “hicups,” the lack of visibility across the organization was also a challenge. “What happened in the production facility wasn’t visible to anyone anywhere else in the company,” said Pare. “When you are trying to make decisions or get information on product availability, you are really a little bit blind.”

Disconnected, disparate systems

Simon Pearce had amassed over 20 disparate systems, which included a series of Excel spreadsheets and Access databases across multiple departments. There were constraints in Simon Pearce’s ability to customize the solution over time and any customization was complex and costly. As the company grew, it became more important that everyone be able to work off one set of data and be able to pull reporting information as needed, in real time.

This cobbled together system of data created pain points, particularly when one system broke down. “If one system broke, we had to manually go around and make sure everything else was fixed,” said Pare. “We were maintaining many systems and that can be difficult, expensive and resource intensive to do.”

As Simon Pearce evaluated potential solutions, it became clear that certain requirements were essential to helping them address key business objectives. It was important that the new solution brought as much of the company onto one system as possible without going through a lot of custom programming. Initially, this included all of the retail channels and the restaurant business. However, the restaurant was eventually backed out of the implementation.

Powerful, agile and simple solution for growth, meeting short and long-term needs

Simon Pearce was also looking for a solution that was scalable. It would fit their business today and allow for growth and higher transaction volume over time. Access and visibility into real-time reporting data across the enterprise were also important.

Another critical requirement was that the solution was easy to use. Simon Pearce had a seasonal influx of temporary employees and a population of the users that was not highly...
technical. “Our user base, overall, is not highly sophisticated when it comes to technology,” said Heston. “We needed a system that was familiar to a large audience, simple, straightforward and easy to train on.”

In addition to business process improvement and automation, Simon Pearce wanted to have the flexibility to expand into mobile retail. It was important to them to have a platform that would enable them to take advantage of this and other emerging technologies over time, in a streamlined way.

Simon Pearce chose Microsoft Dynamics AX for Retail. The leadership team felt it was an attractive option because they could avoid needing to integrate a third-party POS system.

“Microsoft Dynamics AX seemed flexible and easy to use and fairly intuitive,” said Pare. “In our Unix system, you constantly were in and out of menus to get some place. Having the ability to move from screen to screen from almost anywhere within Microsoft Dynamics AX is going to save us a lot of time. This system will also allow us to grow and we won’t have to go through this process in another two years.”

“We weren't capturing all the data we wanted to get the information we needed in our old system,” said Heston. “You couldn't just modify that. With Microsoft Dynamics AX being an SQL-based product, we were pretty comfortable as an organization with that technology. We knew some of the advantages of working with that product. It fit in our comfort zone to be able to leverage that.”

Right advisor to meet aggressive implementation needs
Once the decision was made to go with Dynamics AX for Retail as an ERP platform, Simon Pearce selected RSM US LLP as its implementation advisor. RSM was selected because it understood the functionality and flexibility Simon Pearce needed and that the company did not want an intense amount of customization. The implementation team was highly knowledgeable and took a collaborative approach to the working relationship.

“We tend to have high-end customers with specific needs, so flexibility was critical,” said Heston. “We do a lot of complex transactions that require a lot of care and attention. We weren’t looking for someone to just come in and implement it for us. We wanted an advisor who could come and help us implement our own system.”

An added challenge was that Simon Pearce needed the solution live in a compressed six and a half month time frame to meet the holiday rush. The collaboration between the RSM and Simon Pearce teams would make this possible.

Solution
Together, the RSM and Simon Pearce teams implemented Microsoft Dynamics AX for Retail. The RSM team also led the integration with the company’s third-party e-commerce solution.

RSM added some customizations to the Dynamics AX for Retail POS to help it work more seamlessly with the company’s operations. The RSM team added several key features. In keeping with the vision of “customer centricity,” the POS was extended to enable order taking in any channel and fulfillment of the order in any channel. Special orders can be entered at the POS that include personalizations such as gift boxing, engraving and enclosure card setups. Once orders are entered, they appear, in real time, back in Microsoft Dynamics AX for immediate fulfillment activities. The POS also has functionality for will call, notifying the customer that their order is ready for pickup and also allowing for the pickup and adjustment of order information directly at the POS.

Another key area that was developed included a cross-channel gift registry. Registry information is available in real time at the POS, the call center and the Web. Purchases or other changes to the registry status are available to all channels immediately. The RSM team continues to refine the Dynamics AX for Retail software package and improve the functionality for Simon Pearce.

Improved, integrated gift registry
Simon Pearce has a big bridal business. They often get calls regarding status and updates to the registry. Having robust gift registry capabilities was crucial. To address these needs, RSM developed a new gift registry module that provided updated functionality. Registrants can view updates in real time, as well as view inventory availability. This capability substantially improves the overall customer experience and reduces inquiries to the call center.

Prior to updating the gift registry solution, Simon Pearce took each gift registry, whether it was done in the store or online and manually entered it into their system of record. If that was not resource intensive enough, employees also had to run a job to update all changes made on the website each day, and manually update the registries each time brides made a correction, addition or deletion from the registry, as well as update any purchases made.

The updated RSM gift registry module made Dynamics AX for Retail the central repository for registries. Any changes or creation on the Web would simply flow into Dynamics AX for Retail. This eliminated the need for dual entry and manual updates. In the store, when something is purchased through the Microsoft Dynamics AX for Retail POS, items purchased are updated in the registry in Microsoft Dynamics AX for Retail. Up-to-the-minute accuracy is assured, and no manual processing is required.
Benefits

The solution went live in November 2011. Simon Pearce went from over 20 disparate and disconnected systems down to only Dynamics AX for Retail.

"With such a short time frame, there was a lot to learn and throughout the implementation and no one took their foot off the gas," said Pare. "The dedication from the RSM staff went beyond '8–5.' The attitude from the team was exactly what we needed to get through the project so quickly."

"The relationship was very collaborative," said Heston. "RSM did a good job of helping us manage the challenges. They brought their experience to the table and showed us the options for success, allowing us to ultimately make the right decisions for our unique business. They were very supportive."

Unified platform, complete visibility

There are several improvements to Simon Pearce’s business processes that have helped the company meet its goals of achieving greater visibility and access to information, automating manual processes and unifying the platform so the entire organization is operating off the same set of data. The system also has a much better uptime and Simon Pearce didn’t have to contend with disappearing transactions or needing to purge historical data.

Now, with Dynamics AX for Retail, Simon Pearce can run reports by department and create a journal entry automatically that accounts payable can review and post. This process used to take over four hours per month and now takes 20 minutes.

Streamlined processes in the warehouse

In the warehouse, order picking and fulfillment have been streamlined. The company used to be locked into one carrier and was required to hand type each seven-digit order number into the carrier’s machine. The updated solution provides Simon Pearce with a single, easy-to-use dashboard that provides a view of multiple carriers. This allows Simon Pearce to identify which carrier best meets the customers’ needs and helps them better manage shipping costs. Data entry is also automated. "This has really increased the efficiency of fulfillment," said Heston. "We can process packages in about one-third of the time."

The shipping solution also is integrated with the scale. The warehouse team no longer needs to manually enter weights and the accuracy of the system has greatly improved. The team can also scan the picklist number and shipping address is verified as correct.

Automation for the present, flexibility for the future

In the legacy system, every order placed on the Web, even though the order was imported into the legacy system, had to be edited and modified by a human being. Now, 95 percent of all Web orders go into Dynamics AX for Retail without anyone having to touch them at all, saving Simon Pearce a significant amount of time formerly spent doing manual data entry.

Also, as part of the implementation, Simon Pearce migrated to a credit card formatted gift card. Previously, paper gift certificate redemption was a highly manual process to track across the channels. Now, with these new gift cards, customers can redeem them in the restaurant, as well as any of Simon Pearce’s sales channels seamlessly without significant manual effort on the part of the company.

"We wanted to have something we could really build upon. We think that is what Dynamics AX and RSM will allow us to do," said Heston. "It puts us in a strong position to build forward over time. The world is changing so fast, you don’t know what direction you’ll need to move in. Flexibility is key. The solution allows us to move with a fast-paced marketplace."

Training helps Simon Pearce employees “Get on the Bus”

Over 40 percent of the organization would touch the ERP project at some point in the implementation. "This was probably the biggest project in Simon Pearce's history that would affect so many people at so many levels of the organization, recognizing that we have some very tenured people who have not gone through this type of initiative before," said Laura Pillsbury, director of human resources. "We decided early on that change management and transparency were priorities from the start of this project."

The theme for the training initiative was “Get on the Bus" with a concert tour look and feel. There were monthly status meetings and a quiz where participating employees could be eligible for prizes and incentives. Ninety-two percent of the eligible employees participated in the program and it successfully sped up user adoption, enabling employees to become familiar with the system prior to going live.

Employees were given a Dynamics AX procedure manual with business processes and task recorders. Employees could try out actual Simon Pearce business models in the new environment. The training was made relevant to the job function of each end user to ensure they understood the impact to their role. "When you create a visual program it becomes real," said Pillsbury. "When you work on a system like Dynamics AX, it is not tangible. It was important for me that everyone could see and feel what it will look like. RSM really supported that vision and this approach was received very well."