

## SAP Customer Success Story Retail – Direct Response Marketing and Sales



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Ben Cohen, President, Axe Houghton Group Inc.

### AT A GLANCE

#### Summary

The Axe Houghton Group Inc. – based in Winnipeg, Canada – is a US\$12 million direct response distributor with 40 employees and exclusive rights for distributing Oreck brand vacuums in Canada. When the company needed a solid software platform to help manage its explosive growth, it chose the SAP® Business One application.

#### Web Site

[www.oreckcanada.com](http://www.oreckcanada.com)

#### Key Challenges

- Managing growth
- Tracking orders and repairs in real time
- Meeting customer expectations for higher service levels

#### Project Objectives

- Model policies and procedures and introduce formal process flows
- Enable real-time visibility across business segments

#### Solution and Services

SAP Business One

#### Why SAP Solution

- Robust, scalable solution at an affordable price, with implementation services rolled in
- Trusted software provider with strong history of supporting the needs of small businesses

#### Implementation Highlights

- Rapid, 2-month implementation requiring limited resources
- Successful go-live with 6 professional users and 10 customer relationship management users
- Minimal interruptions to the business

#### Key Benefits

- Provided a scalable platform to facilitate growth
- Enhanced visibility across the business
- Enabled better customer segmentation to support repeat business
- Improved forecasting and planning capabilities

#### Implementation Partner

Zantek Information Technology Inc.

#### Existing Environment

Intuit QuickBooks

#### Third-Party Integration

- Database: Microsoft SQL Server
- Hardware: Intel
- Operating system: Microsoft Windows Server 2003

## AXE HOUGHTON

### Canadian Direct Response Distributor Uses SAP® Business One to Grow Up Fast

“Explosive growth” – that’s the quick, two-word answer Ben Cohen, president of Winnipeg, Canada-based Axe Houghton Group Inc., gives when asked why he implemented the SAP® Business One application at his rapidly expanding company. “We had three years of back-to-back triple-digit growth,” he explains, “and we’d basically pushed our existing business software to the breaking point.” The company was actually in a position of removing customers from its database in order to stay within its capacity limitations. Clearly it needed a change.

Axe Houghton is the exclusive distributor of Oreck brand vacuums and other products in Canada. A few years ago the company switched business models – moving from a traditional distributor to a direct response distributor. “This means that we’re fully integrated and fully responsible for all aspects of the sales and delivery cycle,” says Cohen. “Not only do we buy product from Oreck in America and store it here on site, we also sell the merchandise through various direct response channels – mostly print ads and TV infomercials.”

It’s the TV spots that have driven the company’s rapid growth. With his entrepreneur’s flare for marketing – and just 40 employees – Cohen has spent the last three years growing Axe Houghton from a US\$3 million company to a \$12 million company. With no end to the company’s growth in sight, Axe Houghton needed a more sophisticated software platform – one that could support formal process flows and real-time visibility across all segments of the business.

### Zantek: SAP Partner with a Solution

Ron Mondor is president of Winnipeg-based Zantek Information Technology Inc., an SAP partner specializing in networks and application software. At a local business association meeting, Mondor gave a talk on the advantages of SAP Business One for small and growing organizations – and Cohen was there to hear it. As an integrated, affordable business management solution designed specifically for small and midsize businesses, SAP Business One provides business owners with a single system that automates their critical operations – including sales, finance, purchasing, inventory, and manufacturing – while offering an accurate, up-to-the-minute picture of their business. “Almost right away I knew it was something Axe Houghton could really use,” Cohen says. “We had Ron come down to our offices soon thereafter and give us a more detailed presentation. That was the first step, and we never looked back.”

SAP Business One also passed muster with Chad Silverman, Axe Houghton’s controller. “One of the frustrating things about our older system was that it limited visibility and really kept us at small-company service levels despite our growing sales numbers,” he explains. “If a customer called and wanted to know when an order was shipping or the status of an item returned for repairs, we had a very difficult time answering the question. All of that is different with SAP Business One. We now have the visibility to know where everything is at any point in time.”

“And it’s so much more than simple financial software,” Cohen adds. “It basically gives us the ability to move from a small-time distributor to a highly integrated call center where we can take orders, process credit cards, field customer service issues, track inventory, and manage deliveries.” Axe Houghton can even be proactive on the customer relationship management (CRM) front by mining its customer database and going after existing customers for follow-on business proactively.

### Uncharted Territory? No Sweat

Implementing SAP Business One would be a new experience – not only for Axe Houghton but for Zantek as well. “This was my first go-round with an SAP product,” Mondor says. “Zantek has been in business for 15 years, but for most of that time we had relationships with different vendors. We’ve competed against SAP several times in the past, however. I’ve always liked their story, their people, and their product. In a very short time frame, I was able to formalize Zantek’s relationship with SAP, and Axe Houghton was our first sale.”

Fortunately, SAP Business One is based on proven best practices that can be easily configured to meet individual needs. Such flexibility makes for quick, easy implementations, and this was no small advantage for Zantek, who ended up taking on more implementation workload than originally anticipated. “The plan going in was to have more of the Axe Houghton business

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*Chad Silverman, Controller, Axe Houghton Group Inc.*

and technical folks working with us on a day-to-day basis in order to generate buy in and get people used to the new system,” Mondor says. “But there are unavoidable realities at a small, rapidly expanding company – such as running the business and serving your customers. I saw it as my job to get the new software implemented as soon as possible so that my customer could start reaping its benefits as soon as possible.”

Zantek put three people on the job – Mondor oversaw all activities and two other consultants helped with process and procedures, data migration, hardware configurations, and other associated duties. “The entire implementation from start to finish took us just two months,” Mondor says. “In the first phase we focused on modeling the process flows that the software would follow. In the second phase we did the actual implementation. We

wrapped things up on the old software on a Thursday, did the final data migration and conversion over the weekend, and had SAP Business One up and running when people reported for work on Monday morning. In the end we were able to meet all of Axe Houghton's deadlines and objectives without significant interruptions to the business."

### **And ISO 9000 Certification to Boot**

Before implementing SAP Business One, Axe Houghton had been exploring the possibility of ISO 9000 certification. "If we were going to do this," says Silverman, "we needed our systems to grow up quick."

SAP Business One facilitated the certification process at Axe Houghton by giving the company the visibility it needed to meet many of the ISO 9000 requirements. "Let's face it, this software is a lot more sophisticated than what we had before," Silverman continues. "With SAP Business One, the front office and the back office are fully integrated. But at the same time everything is clearly segregated. Everything is structured so that you know which part of the business is what. In many ways, in fact, the ISO 9000 certification and our SAP Business One implementation went hand in hand. I don't know how we would have gotten certification without the software."

### **Platform for Growth: Benefits of SAP Business One**

Cohen sees his implementation of SAP Business One as a platform investment. "What we have now is a platform that is functional for growth," he says. "We are well positioned for the future as we now have the scalability we require to keep pace with our rapid expansion."

Not only does SAP Business One give Axe Houghton the sheer capacity to grow its business, it actually provides tools that help the company generate more business. Take, for example, the CRM functionality that comes with the SAP Business One implementation. "We can now segment our customer base, identify high-value customers, and go after follow-on business," Cohen says. "We call this back-end direct response, and this is extremely valuable to us because the cost of marketing to existing customers is so much lower than the cost of capturing a new customer."

For Silverman, the new software makes his job as controller and all-around operations manager a lot easier. "It all comes down to visibility," Silverman explains. "Our old system could tell us if something was in or out and not much more. This meant a lot of manual work running around to find out where things were in the process. SAP Business One gives us structured process

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flows and the visibility to see exactly where everything is in real time. This makes it easier to manage by exception. If something goes wrong, we can correct it immediately before it causes a major bottleneck. This has helped us manage all aspects of the business more effectively – from order entry and call center management to customer service, repairs, warehouse management, and accounting. Our process control has increased and our mistakes have decreased."

### **Future Directions**

Already Axe Houghton is making moves to build on the success of its SAP Business One implementation. With the help of Zantek, the company is currently integrating its existing credit card processing software with SAP Business One in order to automate reconciliation activities on the back end and enable call center representatives to pre-authorize, charge, and track credit card payments from their workstations on the front end. "The credit card processing part is especially important for managing installment plans, which are currently a cumbersome part of our business," says Silverman. "With the new capabilities, we'll be able to set up direct debits and automatically pull money from customer accounts at agreed-upon intervals."

Axe Houghton plans to integrate with third-party shipping software. Today the tracking numbers and delivery document information generated in SAP Business One are manually entered into the shipping software. "Once we get both systems talking to one another," says Cohen, "we'll be able to automate this task and eliminate a considerable amount of overhead related to data entry."

Another plan on the horizon is to extend SAP Business One out over the Internet. As Mondor explains, Axe Houghton's Web site business is becoming increasingly important. "It's a channel that many customers prefer," he says, "and Axe Houghton wants to

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support those customers by enabling them to place orders on the Web, receive e-mail confirmations, and track their order status in real time. With the back end the company now has, this will be relatively easy to achieve."

"We have lots of plans," says Cohen. "And with SAP Business One, we now have no real restraints on our growth. We're told, in fact, that we have enough capacity to grow from our current size of approximately \$12 million up to the \$80 million range. That's a lot of leg room – and we plan to use it."