

Salon Centre Case Study Part 1: How We Went From "Good" to "Better" and Are On Our Way to "Great"



Industry

Beauty Products Distributor

Annual Revenue Range

\$5-10 Million

Number of employees: 35

Number of SKUs : 5,000 (aprox.)

Number of Customers: 2,300

F.H. Black & Company Products and Services

Business Process Review

Distributor Diagnostic Check

Blue Link Elite® with Backorder
Fulfillment/Management, Warehouse
Shipping, Inter-Warehouse Transfers, &
Sales Budgeting

Even profitable companies can get too complacent with "their way of doing things" or with their old software that they say "does the job".

They are often unaware of how much more efficient and profitable their business can be.

"F.H. Black & Company has provided invaluable expertise and knowledge in a variety of key areas to help my firm overcome challenges so it could grow to the next level."

— *Cosimo Minnella, Owner*

The Client

Salon Centre is a Winnipeg-based distributor of beauty products (ranging from shampoos, conditioners and hair colouring to scissors and curling irons), to the hairdressing industry.

The company has 35 employees, up from 4 just a few years ago. Annual revenues are in the range of \$5-10 million with operations in Winnipeg, Saskatoon, Regina and Thunder Bay. Cosimo Minnella bought Salon Centre 10 years ago.

The Challenge

"If it ain't broke don't fix it" used to be the adage of Salon Centre.

Minnella's staff was so comfortable using ACCPAC DOS accounting software to handle its invoicing, accounts receivable, accounts payable and inventory management, that he was willing to overlook some of its inefficiencies. Little did he realize the extent to which those inefficiencies were costing the company time, customer satisfaction and ultimately money.

Some examples:

- the statements ACCPAC generated were complicated and often confusing to customers, requiring all kinds of sorting out over the phone and causing delays in the collection of receivables.
- the sales team manually wrote customer orders during on site visits with clients – sometimes 10 pages in length – and then called the office and dictated the order to somebody who had access to ACCPAC. That person, in turn, would write it down and type it in to the system later. This inefficient process caused late shipments and errors in shipments.

continued

Existing software produced unclear statements and made order entry difficult. Customers were forced to call for clarification and staff and customer time was wasted.

“They’re responsible for guiding us along and making sure we’re going down the right path. We didn’t just hire a company, we partnered with a firm and developed a relationship.”

- back order management was a manual process – a printed list was reviewed each time a customer order was entered to see if backorders existed and could now be filled with the new order
- analyzing how the sales team was performing by product line, by province, by city, by product and/or by customer was impossible. Setting and meeting targets was therefore particularly challenging

Minnella says change was the No. 1 fear of many of his long-time employees. He admits the firm didn't exactly operate in a techno-savvy sector.

“A few years ago nobody was using e-mail in our industry yet it was the norm everywhere else. We're dealing with customers who still use cash boxes and cash registers in some instances,” he says.

“We're not the same company anymore. It seems like every three months we have another new project and another tool we need to enable our continued growth.”

The Solution

Minnella sought out F.H. Black & Company to help Salon Centre integrate its acquisition of the Saskatchewan distributorship, improve its management software and business processes.

Jamie Black, who heads up the professional services firm's information technology operations, brought in his team to oversee an evaluation of the company's business processes and systems, identify strengths and problem areas and recommend solutions.

Black found the complacency level with inefficiencies was harming customer relations and costing Salon Centre money. Poor systems necessitated inefficient processes. The AR statements and order entry processes are excellent examples.

“The fact they couldn't print an appropriate statement of account caused customers to call regularly. They were annoying their customers on a regular basis, and wasting staff time. Often problems like this have existed for so long, our clients may not initially even recognize the impact on business.” Black says.

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“Our whole way of operating has changed since we started working with F.H. Black & Company. We looked at every system and revamped them so that everything runs more efficiently. Now we’re working to fix other areas, such as inventory management and warehouse layout, to improve our order accuracy. That will make us that much more efficient and organized. In the end all of that benefits our customer.”

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It was also imperative that the order entry process be automated. Minnella ultimately opted to provide his sales team with Internet-enabled laptops, replacing their pads of paper and pens. This resulted in reduced errors and improved client service.

“The sales reps are able to connect in real time remotely from the field, enter orders in and check backorders or accounts receivable balances. They are providing much more valuable service to the customer. The old method was very susceptible to error. Every time you touch a piece of data there's a chance you'll make a mistake” he says.

Eventually, it was decided Blue Link Elite, a Canadian-made software product, would best suit Salon Centre's needs. The full suite of modules implemented by F.H. Black & Company automated the invoicing and sales ordering processes.

The Results

Minnella says with the improved tools and efficient processes, he and his staff are better able to run and grow the business.

“We have the right resources in the right places now. With better procedures in place we are more efficient and we can service our customers better. We knew we were going to be better. We just had to go through the growing pains to get there. We're in a way better place than we were under the other program,” he says.

Minnella says what began as an IT issue morphed into the transformation of his entire company, going from “good” to “better” and on to “great”.

“But it doesn't stop today. It's continuous improvement” he says.

Software, statements and order management issues were the first issues tackled by Salon Centre. Next on their list was dead inventory, warehouse process and layout optimization and tax planning work that needed to be done. These issues will be dealt with in part II of the case study.



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