Integrated Manufacturing System Generates £300,000 (US$500,000) Savings

Overview

Country: UK
Industry: Manufacturing

Customer Profile

Spearmark is firmly established as Europe's leading Licensed Character Housewares Company, working with brands that include Barbie, Spiderman and Harry Potter.

Business Situation

Spearmark's legacy software was impacting the efficiency of its business. A fully integrated platform would help to streamline business processes and significantly reduce administration overheads.

Solution

Microsoft® Business Solutions Navision® has given Spearmark greater control of data, together with the automation of routine business processes, have generated significant efficiency and cost returns.

Benefits

- £300,000 (US$500,000) in cost savings
- Accurate financial reporting
- Lower support costs

> "We knew that if we were to realise our full potential we needed a fully integrated business management system. Using Microsoft® Business Solutions-Navision®, we now have that solution."
>
> Darren Price, Finance Director, Spearmark International

Spearmark International Ltd has been trading as a family business since 1908, with a recent annual turnover in excess of £10 million. The company is firmly established as Europe's leading Licensed Character Housewares Company, producing merchandise containing global character brands, including Barbie, Spiderman and Harry Potter. To help improve its business processes, Spearmark decided to replace its disparate legacy systems with a new integrated Microsoft® Business Solutions Navision® system.

ANGLIA Business Solutions

Microsoft Business Solutions

Situation

Since 1908, Spearmark has progressed through a diverse product range, including toys, games and character merchandise. Today the company specialises in the areas of room décor and tableware. Most recently, the company has introduced a range of energy saving, cool running bedside lamps. Character housewares examples include mugs, tumblers, plates and lunch boxes depicting characters like Harry Potter and The Tweenies.

The company occupies a large site in St. Neots, Cambridgeshire, employing around 70 staff within its warehouse and distribution, UK and export sales, operations, accounts, IT, research and development functions. A second company-owned warehouse facility is situated in Sandy, Bedfordshire and there are several external outwork areas for sub-contracted assembly work.

Senior management at Spearmark believed a new system could help improve the company's business processes significantly as Darren Price, Spearmark's Finance Director, explains; "Our old system did not allow us the flexibility to meet the changing requirements of the business. In addition, a single integrated system would ensure data could be viewed and used by multiple different business processes, helping us respond to business challenges in a timely fashion."

Solution

Over the years, Spearmark had deployed a growing number of IT systems, including Tetra CS3, Sage and Excel — all of which require different forms of either manual or computer data entry. Although it was possible to extract management information from the existing systems, this was a time consuming exercise.

Spearmark specified that any potential system should meet several key requirements. These included the provision of a single integrated business management solution, accessible throughout the whole organisation, and capable of expanding as the business grows.

The new solution also had to address specific functionality requirements, such as the ability to communicate with external partners via email, fax and EDI. In addition, the system needed to be flexible enough to cope with modern printing methods and eliminate the need to use dot matrix printers and pre-printed stationary.

After careful evaluation of potential suppliers that could meet these criteria Spearmark approached Anglia Business Computers, a Microsoft Gold Certified Partner, to carry out a detailed analysis of existing processes and procedures and to supply a solution model for the potential replacement system using Microsoft Business Solutions® Navision® software. As Darren Price comments, "With Microsoft Navision we could see the computer system could be adapted to meet our business needs, rather than having to change our processes because of pre-defined computer requirements."

The solution defined by Anglia utilised several Microsoft Navision modules including general ledger, sales & receivables, purchases & payables, inventory, warehouse management, manufacturing, report, data transfer, form designer and table designer. Other services, such as project management and customised user training, were also incorporated.

As part of the new implementation the existing Tetra CS3 system governing general, sales and purchase ledgers was also replaced. Today the integrated facilities provided by Microsoft Navision are used to accept periodic accounting transactions across all modules and to control the

complete finance system. Anglia upgraded Microsoft Navision to support EDI transactions, thus eliminating the need for a printed invoice, and accommodating the needs of some of Spearmark's major customers who place orders via EDI.

Together, the range of modules enabled Spearmark to replace its legacy systems, and achieve its goal of improved operational efficacy while simultaneously reducing support costs.

Benefits

Using a fully integrated management system has not only improved business processes across the business but, through removing the need to support several legacy IT systems, has enabled Spearmark to achieve operational cost reductions. Indeed the company estimates that, combined with a reduction in inventory holdings engendered by the solution, it has saved around £300,000 in running costs in just three months.

The inherent flexibility of the solution has proven invaluable as Darren Price explains: "Since Navision is an easily adaptable ERP system we have been able to make a number of changes to it, to reflect the unique challenges we find in our industry."

Centralising data into a single repository has also helped the organisation achieve a number of efficiencies. A long lead time for products combined with short order demand means Spearmark is forced to purchase against forecasts, rather than hard orders. The company now uses Microsoft Navision to store forecast information, which is reflected in the MRP, and uses this data to scrutinize forecast accuracy, identify short term sales potential and ensure that product is created in a timely fashion.

Similarly, since purchase orders are often consolidated into one container for shipment from overseas, Spearmark is now able to store this information and group purchase orders together. This makes it easy to change expected receipt dates on a 'container-by-container' basis, record duty and freight and undertake analysis on any variation to standard.

There are inherent benefits for the supply chain too. Spearmark's newly integrated management system now contains in-depth product specifications—which are available to suppliers at point of order. Spearmark also uses the system to estimate pallet counts on sales orders, ensuring improved accuracy at goods-in inspections.

The production of tax returns and banking management represent two major areas where the Microsoft Navision solution has achieved a significant reduction in administration time for the company. Previously, data had to be extracted manually to produce the quarterly statutory VAT return. This function is now automatically completed in Navision, using a definable VAT return template to produce the report. Intrastat Journals were also generated manually, taking up to two days to prepare; these are now produced automatically, using EU trade transaction entries.

Cash manager functionality contained in Microsoft Navision has replaced all manual operations, improving both accuracy and reporting. Previously, cash and bank management procedures for Spearmark's four main currency accounts was carried out using the eight manual cash books maintained for each sales and purchasing ledger. This information then had to be re-keyed into the Tetra CS3 system, creating significant opportunity for the introduction of data error.

For More Information

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For more information about Anglia Business Solutions products and services, call 01223 873 400 or visit the Web site at: www.angliabs.com

For more information about Spearmark International Ltd products and services, call 01480 213 633 or visit the Web site at: www.spearmark.co.uk

Darren Price reviews what the benefits have meant for Spearmark: "We knew that if we were to realise our full potential we needed a fully integrated, modern and flexible business management system. Using Microsoft Navision, we now have a solution that meets the needs of all our users, providing one source of information and a complete up-to-date view of the performance of the company."

Spearmark next plans to introduce even greater efficiencies in its retail sales channel. A new interactive website, designed specifically to meet the needs of its smaller retail customers, is planned for mid-2005. Powered by Microsoft Navision, the website will provide details on product availability, together with individualised price lists. On-line orders will be managed via the EDI link, and customers will be able to view order progress via the website.

Microsoft Business Solutions

Microsoft Business Solutions offers integrated business applications and services that allow small and mid-sized organizations and divisions of large enterprises to connect employees, customers, and suppliers for improved efficiency. The financial management, customer relationship management, supply chain management, and analytics applications work with Microsoft products such as Microsoft Office and Windows® to streamline processes across an entire organization, giving businesses insight to respond rapidly, plan strategically, and execute quickly. Microsoft Business Solutions are delivered through a worldwide network of channel partners that provide specialized services and local support tailored to a company's needs.

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