Overview

Country: United States
Industry: Retail

Customer Profile
Reynolds Bros., Inc. carries 103,000 SKUs in six men's, women's and children's clothing, swimwear and furnishings stores. For years, they were seen in malls in New Jersey and Maryland under the names of Rafters and Reynolds Bros. Today, Reynolds Bros. is on its way out of a Chapter 11 reorganization and planning where to build new stores.

Business Situation
After losing many stores to a bad economy, the chain cut costs on all fronts. But it was stuck with a contract for a UNIX-based point-of-sale/management system that cost $100,000 annually. Only expensive consultants could export files or customize reports. Its inadequacies necessitated a warehouse to re-label merchandise. As renewal neared, management decided to look for a different system.

Solution
Reynolds' IS manager needed a seamless solution. He chose Microsoft® Business Solutions Retail Management System because of its complete and intuitive retail management power.

Benefits
■ Reynolds is saving $100,000 because Microsoft Retail Management System enables drop-shipping to stores
■ Another $100,000 will be retained by dropping UNIX and its consultants
■ New purchasing features eliminate problems and shorten time in task
■ Reynolds can now use customer histories to advertise and rebuild the chain
■ Customer and transaction records flow smoothly from stores to corporate, into the complete financial capabilities of Microsoft Small Business Manager

Clothing Retailer Tightens Belt by Installing New Microsoft Retail Management System

Using the Microsoft Business Solutions Retail Management System made it possible for Reynolds Bros. to close a warehouse that cost the company $100,000 per year. The IT department saved $50,000 annually by not renewing its license for a UNIX-based system, then saved another $50,000 they were forced to spend on its consultants.

Situation
The 30-store Reynolds Bros. Clothing chain in the New Jersey area sold 103,000 SKUs of men's, women's, and children's apparel, swimwear, and accessories, often in mid and high-end locations. But as the economy slid, so did sales. Practices that could be justified in good times quickly proved counterproductive.

The company instituted a number of cost-cutting measures, including reducing administrative staff, freezing hiring, selling off a truck fleet, and using FedEx used for deliveries and interstore transfers. According to Enrico Bozzetti, the company's IS manager, the chain's highly propri-etary, minicomputer-based retail system was quickly identified as a prime savings target.

"The system wouldn't let us customize any reports," says Bozzetti. "We couldn't do our own database hygiene and administration. We couldn't extract customer data for a mail house. When we needed to do any of this, we had to call the vendor and their consultants did it—for a total of $50,000 a year. And our promotion shrunk because only the expensive mail houses could handle our data formats."

The system's high total cost of ownership did not buy power. For example, its purchasing tools were cumbersome—there was no way to match the vendor's UPC to a company SKU. "That extended purchasing hours and complicated inventory tasks," says Bozzetti. "The product gener-ated random product ID numbers instead of our SKUs or standard UPC codes. Then it limited the number of items we could order on a single PO. With a chain like ours, that meant several POs per order, which required more reporting—and that meant more consultants."

The lack of standard UPC codes meant the central receiving warehouse had to match merchan-dise to SKUs and prices. "It was clumsy," says Bozzetti. "We ordered merchandise on two or three POs. Received it. Unpacked it. Re-labeled it. Repacked it. And shipped it to our stores."

He began to straighten out the chain's information and product-flow systems from the top down and manage costs. With six stores remaining and 80 jobs on the line, it was time to go shopping for a new system

Solution
Bozzetti selected and brought in Microsoft Business Solutions Retail Management System. "We wanted all the retail management features, a lot of in-house software self-sufficiency, an economi-cal price, very open data compatibility, and a fast rollout time," he says. "Microsoft RMS gave us all of that."

Reynolds tested other systems—one at three times the cost—but kept coming back to Microsoft RMS. It runs on a Microsoft SQL Server database so the company can do its own database administration. "We needed a facile rollout because we had a short implementation fuse," says Bozzetti. "A re-licensing date with another $50,000 price tag was coming up and we wanted to be free of our old system by then."

Microsoft RMS was easy to integrate with credit card processors, other peripherals, and particularly with Microsoft Small Business Manager, which Reynolds depends on for all the accounting functions, including accounts receivables and payables, general ledgers, and payroll. And, because Small Business Manager fully integrates with Retail Management System, the company was able to use the same licenses it purchased for Microsoft SQL Server and not incur the cost of another database

For a Microsoft Certified Partner, Reynolds worked with Chicago's Sales Catalyst. "They understood our needs and totally grasped our parameters," says Bozzetti. "They weren't trying to sell us more software than we needed, but were there for support the couple of times we needed it. And we were certain of reliable support from Microsoft."

Benefits

According to Bozzetti, closing the re-labeling warehouse alone saved three salaries, rent, packing and labeling supplies, and transportation totaling approximately $100,000.

"Companywide, we've cut yearly maintenance software costs from around $100,000 to less than $5,000," he says. "People here are really excited about what the system is going to do for them."

Because Microsoft Business Solutions Retail Management System supports standard UPCs, each Reynolds store now receives merchandise drop-shipped direct from distributors. UPCs map to company SKUs that provide all the product data. Unless marked down, goods are sold at the suggested retail price on the manufacturer's label. "We have just pulled 30 percent off our delivery times by receiving floor-ready merchandise," says Bozzetti.

He adds that the company's eight buyers were "shocked" when they saw how Microsoft RMS would do purchasing, wouldn't create problems, and would allow one number to control everything.

Reynolds is currently importing its old database of customers to a standard SQL Server data-base. "The flexibility of the Microsoft systems gives us new ways to use our existing data for marketing," says Bozzetti. In addition, the company can now choose from several off-the-shelf packages available for any purpose it needs instead of being bound to a small group of vendors as it was with its UNIX-based system. "We can compare and get competitive bids," he says.

Bozzetti notes that the new system's data flow is easy and pretty much fool-proof. The Store Operations product of Microsoft RMS manages each store. It uploads data daily to headquarters, where the correct data sets travel to Microsoft Small Business Manager.

"We have cut costs in so many sectors, and some of them large costs that we have turned the corner on Chapter 11," says Bozzetti. "Our forward-looking conjectures are that we will soon be out of it and start prudently opening stores again."

Drawing on his degree in computer science and software development, Bozzetti has advice for any retailer. "When changing to a new system, ask twice about scalability—can the system smoothly and economically grow with you—and about support options. System changes never go exactly as predicted on paper. But if you have a good support plan and a truly scalable hardware and software, you'll come through it faster and more smoothly."

For Reynolds Bros., Microsoft RMS is proof positive of that.

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For more information about Microsoft Retail Management System, visit www.microsoft.com/BusinessSolutions/POS