



## Klem's increases profitability with Epicor Eagle Planner Series Solutions

### Company Facts

- ▶ Location: Spencer, Massachusetts
- ▶ Industry: HWHC
- ▶ Number of Employees: 90
- ▶ Web site: [www.klemsonline.com](http://www.klemsonline.com)
- ▶ Affiliation: Ace Hardware®



### Success Highlights

#### Challenges

- ▶ Accurately forecasting product sales
- ▶ Handling price changes with several hundred vendors and categories
- ▶ Accessing the right data to quickly solve operational challenges

#### Solution

- ▶ Epicor® Eagle®
- ▶ Epicor® Eagle® Inventory Planner
- ▶ Epicor® Eagle® Pricing Planner
- ▶ Epicor® Eagle® Performance Manager

#### Benefits

- ▶ Reduced inventory cost by 10% and increased turns by 15%
- ▶ Increased sales and customer service by having the right product mix
- ▶ Gained time-savings equivalent of nearly two full-time employees

Klem's is the go-to general store in Spencer, Massachusetts. Founded in 1946 as a tractor dealership, over the last few decades Klem's has added lawn and garden supplies, pet supplies, hardware, clothing, and sporting goods. Normally it's difficult to run a 75,000-square-foot store with more than 300,000 SKUs, but not for Klem's. They use the Epicor Eagle system to manage their entire operation and improve the customer experience. Today, Klem's also relies on Epicor Eagle Inventory Planner, Epicor Eagle Pricing Planner, and Epicor Eagle Performance Manager to help better meet the needs of its customers.

### Increasing Customer Satisfaction through Effective Inventory Management

Klem's prides itself on its high levels of customer service, yet found that occasionally employees would search for products and come up empty handed or have to place orders for merchandise that should have been on the shelves. "We wanted to improve our inventory management practices and purchasing accuracy so that employees could devote more time to customers instead of ordering missing products," said Nick Kachadoorian, IT manager of Klem's.

Today, Klem's relies on the robust forecasting models found in Epicor Eagle Inventory Planner for approximately 75% of their products. "We generate inventory plans for all of our large vendors," said Kachadoorian. "We created

a customized Ace Hardware inventory plan, which runs daily and updates order points on all Ace SKUs. The real power comes from the ability to designate a forecasting algorithm for each product. In essence, these plans are helping us understand sales patterns and ensure that order points are updated regularly. These plans are helping us sell more Ace products, while eliminating slow movers. At the same time, inventory forecasting automation has saved our organization nearly two full-time employees."

There has been a visible difference in customer interaction since implementing Inventory Planner. "Before, we relied on department managers to notify us if products were getting low," said Kachadoorian. "Inevitably orders would be lost or forgotten. Now, we can see from the inventory plans if a product needs to be reordered. We can look at our inventory and ask, 'Is this the right mix? Are we pricing properly?' Our department managers are more focused on helping customers rather than ordering. Our employees are talking more with our customers. Our products are stocked at the right rate and quantity, and we reduced our stock outs. Our customers are happier."

In addition to customer benefits, Klem's sees real economic benefits as well. "The difference in our business since beginning use of Inventory Planner has been quite substantial," said Kachadoorian. "We reduced our inventory cost by 10% over the past 12 months. We have a better mix of 'A' items, while nearly eliminating stock outs without overstocking—over the past 18 months, our inventory turns increased by 15%."

## **Better Pricing Improves Margins**

While Kachadoorian concentrates on inventory, Jessica Bettencourt, president of Klem's, has been searching for a better way to manage pricing for several hundred vendors. "It was difficult to manage pricing with all our vendors and categories," said Bettencourt. "Using Epicor Eagle Pricing Planner, I now have one tool to handle all of our SKUs—I can preview how price changes will impact our margin before implementing the change. It's reassuring to understand the outcome of a possible change, before it's made."

Klem's refines pricing to remain competitive by pinpointing the SKUs for which price is an important factor. "We are now much stronger in pricing," said Bettencourt. "We identified

pricing issues and corrected them, which increased margins. We use the competitive analysis tool with pet food and shop our competitors to make sure our prices are the lowest around. Pricing Planner is a tool that every retailer needs to be using. We earned our money back within the first week of implementing the solution."

## **Easy Access to Relevant Performance Information Leads to Greater Insight**

Bettencourt relies on Epicor Eagle Performance Manager to gain insight into Klem's business. "I now have easy access to so much information," said Bettencourt. "With Performance Manager's pre-built reports, I don't have to spend a lot of time creating reports to access the information I need. Instead, dashboards provide a lot of information in a very concise manner. I can access so much information that on any given day, I'm never quite sure where the software will lead me."

Bettencourt recently discovered and resolved an issue by using Performance Manager. "I discovered that if customers bought products on our senior discount day, they could return them on a different day and get back the price plus the value of the discount," said Bettencourt. "A report on our top returners revealed this issue. One customer was making a 10% profit on every return. I never would have found this issue if it hadn't been for Performance Manager."

The Epicor Eagle Planner Series solutions have transformed Klem's for the better. "We use each module of the Planner Series: Performance Manager, Pricing Planner, and Inventory Planner," said Bettencourt. "With these powerful tools, we can run our business with the same ability as any large retailer even though we're a small, single-store, family-run business. Epicor Eagle allows us to take our business to the next level. This year, we had three of our biggest days in sales ever. I attribute a large part of that success to the Epicor Eagle system and the Planner Series solutions."

## About Epicor

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Contact us for more information on Epicor Products and Services

+1.888.463.4700 [eagle@epicor.com](mailto:eagle@epicor.com) [www.epicor.com](http://www.epicor.com)

**Corporate Office**  
804 Las Cimas Parkway  
Austin, TX 78746  
USA  
Toll Free: +1.888.448.2636  
Direct: +1.512.328.2300  
Fax: +1.512.278.5590

**Latin America and Caribbean**  
Blvd. Antonio L. Rodriguez #1882 Int. 104  
Plaza Central, Col. Santa Maria  
Monterrey, Nuevo Leon, CP 64650  
Mexico  
Phone: +52.81.1551.7100  
Fax: +52.81.1551.7117

**Europe, Middle East and Africa**  
No. 1 The Arena  
Downshire Way  
Bracknell, Berkshire RG12 1PU  
United Kingdom  
Phone: +44.1344.468468  
Fax: +44.1344.468010

**Asia**  
238A Thomson Road #23-06  
Novena Square Tower A  
Singapore 307684  
Singapore  
Phone: +65.6333.8121  
Fax: +65.6333.8131

**Australia and New Zealand**  
Suite 2 Level 8,  
100 Pacific Highway  
North Sydney, NSW 2060  
Australia  
Phone: +61.2.9927.6200  
Fax: +61.2.9927.6298

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