



E.F. Bailey Company

Company Facts

- Location: Seattle, Washington
- Industry: Industrial distributor
- Number of Employees: 11-50
- Web site: www.efbailey.com

“We’re happy that margins have increased by one-and-a-half percent. But we expect even bigger returns in the long run.”

Dan Cornish, General & Operations Manager | E.F. Bailey Company

Dan Cornish wasn’t surprised when an Epicor Application Consultant looked at E.F. Bailey’s processes and suggested ways to maximize the use of his company’s Epicor solution.

What did surprise Cornish, general and operations manager at E.F. Bailey, a Seattle, Washington-based industrial supplier, was the speed at which the company realized benefits from the engagement: “We knew we had weaknesses,” says Cornish. “But we saw a return on our investment almost as soon as the consultant left. It was amazing.”

Just two and a half months after finishing the brief consulting engagement, Cornish saw AR days drop by 31 percent, profit points increase by 1.5 percent, and expects overall inventory value to drop by about 10 percent. “Every improvement we’ve made is the result of working with the consultant to find better ways to do things,” Cornish says. “It’s really made a difference in the short-and long-term health of our business.”

How it Happened

Prior to the Application Consultant’s visit, maintaining manufacturer price updates was difficult for E.F. Bailey employees simply because they didn’t understand the most efficient ways to import information into their solution. “And many of our manufacturers send out multiple pricing quantity discounts, which were almost impossible for someone to manually enter into our solution on a timely basis,” says Cornish.

Success Highlights

Challenges

- Help a Seattle, Washington-based industrial distributor increase ROI on technology investment

Solution

- Epicor Professional Services: Application Consulting

Benefits

- Decreased AR days by 31 percent
- Increased profit margins by 1.5 percent
- Projected 10 percent decrease in annual inventory investment

As a result, prices often weren't updated for weeks or months at a time. "Our guys would sell something based on the manufacturer's old price, even though we were paying the new price," Cornish says. And, because prices were often off the mark, sales representatives would guess when offering information to customers.

The Application Consultant worked with employees to understand their processes, and suggested ways they could get the data into their solution most efficiently. Now, thanks to his suggestions and process improvements, E.F. Bailey employees automatically import prices as soon as they receive them. And, best of all, the profit exception reports—once four pages long on an almost daily basis—now show two or three line items apiece.

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Inventory and AR

The Application Consultant also worked with purchasing and warehouse workers to improve E.F. Bailey's stock classification structure. "We didn't have a clear vision of how we needed to handle this before," Cornish says.

The consultant helped them reclassify slow-and fast-moving items, and determine purchase points for a good portion of the company's best-selling SKUs. "We learned to buy a year's worth of something if it only costs a few dollars," he says. "Otherwise, it's not worth someone's time to cut a PO every two weeks." Cornish estimates that improvements to inventory management practices should save the company about 10 percent annually.

Something else E.F. Bailey employees didn't fully understand was the negative impact of outstanding receivables on the company's bottom line. "The consultant showed us a few formulas that revealed how much we were losing on certain accounts," Cornish says. "We were shocked."

As a result, E.F. Bailey worked with the consultant to develop processes that ensure employees intervene when an account reaches a certain number of days outstanding. "Now that we know how serious it is, we react much more quickly," he says. Thanks to quicker reaction times and a process that helps deter outstanding customer debt, average AR days have dropped about 31 percent.

Cornish plans to continually improve his business, both internally and with the help of a consultant. "We'll invite the consultant onsite twice a year. There's always room for improvement," he says.

He also offers an analogy: "We see our solution as the brain behind our business—and we only use a certain percentage of what's actually available. But we know that consulting will help us stretch that potential."

About Epicor

Epicor Software Corporation is a global leader delivering business software solutions to the manufacturing, distribution, retail, and service industries. With more than 40 years of experience, Epicor has more than 20,000 customers in over 150 countries. Epicor solutions enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise, and passion for excellence, Epicor inspires customers to build lasting competitive advantage. Epicor provides the single point of accountability that local, regional, and global businesses demand. For more information, visit www.epicor.com.



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