



Morrison Bowmore Distillers

Company Facts

- Location: Glasgow, Bowmore (Islay), Auchentoshan (Dumbarton), Glen Garioch (Perthshire), United Kingdom
- Industry: Whisky Production

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Mike Keiller, Chief Executive | Morrison Bowmore Distillers

Success Highlights

Challenges

- Future-proof the business
- Replace existing IT system and mix of packaged and bespoke software

Solution

- Epicor Tropos ERP
- Tropos Whisky Workbench

Benefits

- £200,000 a year savings on inventory and headcount
- Improved management of blending and bottling processes
- Automated Customs and Excise (C&E) reporting
- Enhanced financial management
- Ability to support business expansion

Whisky distiller Morrison Bowmore knew that its old IT systems couldn’t cope with its rapidly expanding business, so it decided to future-proof its business with a Tropos ERP system from Epicor.

The Scotch whisky industry is an intriguing mix of the traditional and the modern. It’s the world’s top-selling spirit, but whisky is largely produced in out-of-the-way locations, and is marketed by emphasising its close links to the soil and the elements. But, at the same time, most whisky producers are part of large companies—often multinational giants—with a highly sophisticated approach to their businesses.

Glasgow-based Morrison Bowmore Distillers (MBD), with three distilleries, is one of the smaller whisky producers. But, as part of the Japanese drinks conglomerate Suntory, it is far from small fry. Turning over approximately £30 million exclusive of duty, MBD produces a wide range of single malts and blended Scotch brands. It has been experiencing rapid growth in recent years.

MBD’s premier brand is Bowmore, one of the world’s most famous single malts. Produced at the historic distillery on the Hebridean island of Islay, Bowmore sales have grown significantly in recent years. It climbed rapidly from 20th best-selling single malt in the world to rank among the top 10 just five years later. Bowmore’s growth continues to outpace the single malt market.

As well as Bowmore, MBD operates distilleries at Auchentoshan, near Dumbarton—which produces one of the few remaining Lowland single malt whiskies—and Glen Garioch in Perthshire.

The business itself is based in the heart of Glasgow, where the firm has a large bonded warehouse.

New System to Future-Proof Historic Processes

Substantial sums have been spent ensuring that MBD's historic production facilities are kept up to the highest modern standards. In IT terms, though, the company was, until recently, less advanced. An old HP 3000 system handled business administration functions by way of a mixture of in-house and packaged software applications.

"We knew we needed a new system, and we wanted to future-proof our business. But at the same time we didn't want to be at the bleeding edge," says former IT director Elaine Spalding.

"In IT terms, we were emerging from the Dark Ages," says MBD chief executive Mike Keiller. "Our old applications encouraged the development of a silo culture. And, although we had a good materials planning system, we had no way of planning resources."

When it came to selecting a vendor, the special requirements of the whisky industry made it imperative for MBD to find a partner with experience of that sector. "It was absolutely vital that any partner should have deep knowledge and understanding of Customs & Excise (C&E) requirements, and an appreciation of the issues involved in managing bulk whisky stocks," says Keiller.

"Ideally, we wanted the bulk whisky functionality to be part of the core product; we weren't keen on having bespoke software, or having to manage the integration of disparate systems ourselves."

MBD Selects Unique Values of Tropos

MBD eventually selected the Tropos ERP system developed and marketed by Basingstoke-based Epicor from a shortlist that included SAP and SSA's BPCS product. Tropos is unique in the ERP sector because it plans manufacturing from a model of the production process rather than a list of components or ingredients, called the bill of materials (BoM). This approach emphasises the importance of timing within a production operation; few manufacturing companies

in any sector just dump a pile of raw materials into a machine and get their product out at the end.

Tropos's other unique selling proposition, for MBD, was its comprehensive Customs and Excise (C&E) functionality. No other system offers the combination of detailed C&E reporting and full-line ERP. Morrison Bowmore has close links with long-time Tropos user G&J Greenall—with whom Epicor developed the C&E functionality.

"Before the implementation of Tropos, the amount of time we spent doing manual work to comply with C&E requirements was tremendous," says Spalding. "Between five and 10 people spent most of their time keeping the C&E ledgers up to date." Now, Tropos produces key C&E documentation at the touch of a button.

Million Records in a Near Perfect Data Cutover

The go-live preparation and execution had to be carried out with meticulous care to ensure that the C&E key information was transferred exactly. The data cutover from the HP computer system involved more than 1 million records and the results achieved were near-perfect. The stock value was reconciled to within £36 when first cut over—and this difference was found to be due to rounding. Several million litres of alcohol were brought over and these were reconciled exactly to the C&E reporting procedure.

All customs records are now generated automatically as the users "do it and log it" through the Tropos Whisky Workbench. C&E officers can audit the system from a terminal instead of having to follow a paper trail.

People A Key Consideration in Choice of Supplier

Mike Keiller stresses the importance of people in choosing an ERP supplier. "You're going to be working very closely with your chosen vendor, and trusting your business to their skills," he says. "We felt very comfortable with the Epicor people we met during the selection process. Other firms' consultants didn't display the same

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Mike Keiller, Chief Executive

level of competence and industrial experience.” No wonder: Epicor implementation consultants average in excess of 12 years’ experience with the company.

MBD implemented Tropos using a combination of Epicor Talisman and Quickstart methodologies, and, although the process took a little longer than originally anticipated, Spalding says that the extra care has paid off. “Since go-live, we have encountered a number of issues with the implementation, but they have been extremely minor and easily resolved,” she says. “All the major processing has gone through without a hitch, and I think that’s down to the degree of care we took during the implementation process. For example, at the end of each stage of the implementation, the team had to produce a document describing how the objectives for that stage had been met—which helped us to be clear about how we were progressing.”

Elaine Spalding says MBD was keen for users to start taking more responsibility and for them to be less dependent on the IT department for management information. “That’s a much better way to do business—we need our processes to be owned by the relevant departmental managers. Previously, we had a shortage of business rules. Too many of our processes only existed in individuals’ minds!”

“We were able to put six people on to the Tropos project, two of whom were full-time,” explains Spalding. One of the positive—if unplanned—consequences of the implementation was the rapid development of members of the project team.

Project Involvement Provides Empowerment

“Involvement with the Tropos project has really helped empower some of our staff,” says Keiller. “There was a degree of resistance from some parts of the business, but in general, the new system has been received with enthusiasm.”

Phase two of the Morrison Bowmore project involved implementation of the Tropos bulk whisky functionality, covering the distilling, blending and maturation areas of the business. The

management of bulk spirit stocks, from distillation, through the long maturation process, to bottling, represents the biggest single challenge for whisky producers.

Whisky Workbench Provides Specialist Tools

Whisky must mature for a minimum of three years before it is bottled. But much longer maturation is common; many upmarket single malts stay in casks for upwards of 20 years—and holding such vast quantities of inventory for this length of time is a major source of cost for producers.

So distillers need tools to help them manage this inventory, as well as optimising blends, and coping with the large number of invoices and shipping documents generated in the blending process—which requires many different whiskies to be moved between distilleries or warehouses, and blending or bottling plants.

Morrison Bowmore has fully implemented the Tropos solution, and the Whisky Workbench has been deployed on five sites, including Bowmore Distillery.

The Whisky Workbench calculates losses, and converts density and temperature to alcohol strength instantly. It also prevents under-aged whiskies being used by mistake. Empty wood is managed as casks are filled and emptied, and Whisky Workbench even increments the number of fills. A complicated blend can now be generated in minutes and the information sent to warehouses at the click of a button. When vatting is complete, the Tropos Active system e-mails the relevant department with details of the outturn and strength readings. The time taken to generate filtration schedules has been dramatically reduced, allowing casks to be brought in ready for blend-dumping in a more timely manner.

Benefits Soon Become Apparent

Morrison Bowmore began to see the benefits of Tropos within a few weeks of implementation. Mike Keiller is particularly enthusiastic about the improved management information from the system—

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and particularly the Cognos reporting tools implemented alongside Tropos. “We are using Cognos to give us easy access to profit figures by account. For the first time we can easily slice and dice those figures by factors such as brand and country,” he says. National account manager Terence Barr is equally effusive. “The Cognos PowerPlay cubes we use are proving particularly useful for supplying information to customers,” he says. More concrete benefits are working their way through: Spalding estimates that the firm can save over £200,000 a year from reduced stockholding and headcount.

Beyond phase two, MBD is just starting to formalise its longer-term IT strategy, of which Tropos will be the backbone. “We’ve changed our business model quite dramatically—we are now organised as a production division that supplies sales and marketing companies around the world,” says Mike Keiller. “We want our Tropos system to provide customer service support for our overseas marketing operations, as well as the Scottish production facilities.”

System Facilitates Future Business Strategy

Joint ventures are critical to MBD’s future strategy. “Tropos and Coda make it very easy for us to set up new companies,” adds Keiller. “That’s going to be a great help as we look to develop our business in other countries.” MBD already has operations in Spain and South America, and Keiller says that the Tropos system will make it much easier to support these businesses, and create new ones. Sister company Suntory Alliance Brands—which markets products such as Greenalls’ Gin, Louis Royer cognac and Midori melon liqueur as well as MBD whiskies—will benefit most from this, Keiller says.

Spalding says that Epicor proven ability to deploy Tropos using browser technology is potentially vital here. “It would be very useful for us to be able to provide IT support to overseas operations without having to implement complex systems locally,” she says.

There are other technological developments too. E-business is something MBD has, as yet, not really embraced, but Mike Keiller says that a synchronised electronic supply chain is a definite target. “We needed to move onto a platform that was highly expandable, to cover our future requirements,” he says. “We don’t really exploit Internet-based technologies at the moment—and, although at this time we do not sell directly to end consumers over the web, we do need to be able to deal quickly and efficiently with suppliers and distributors.”

About Epicor

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