

CASE STUDY

CLIENT:	Edcon Steel
INDUSTRY:	Manufacturing
LOCATION:	Australia
PRODUCT SUITE:	EXO Business
MYOB ENTERPRISE PARTNER:	Kilimanjaro Consulting

Edcon Steel finds that snapshot reporting on real time data goes a long way to securing managerial peace of mind.

Overview

Edcon Steel is both the largest structural steel fabricator and the biggest steel merchant on Sydney's north shore. With four stores and a production capacity of several hundred tonnes, Edcon's customers range from home and small trade buyers to some of Sydney's largest construction companies.

Edcon's legacy sales order system

Edcon had run MYOB Premier successfully as a POS system for more than seven years.

As business grew however, the system began to strain. Instead of a few hundred transactions a week, Edcon was processing 100 transactions every day, across four stores. Somewhat inevitably, Premier's data file was expanding out of control.

Not only that, but Edcon's sales order system relied heavily on operator input at every stage of the sales order process – from taking initial enquiries through to creating job cards and invoicing customers.

Each stage of the order was treated as a separate and disconnected process, with a lot of common data (like customer details) having to be re-entered over and over again.

Aside from being cumbersome, the process restricted high level visibility on the status of sales, purchases and stock and, as a consequence, was impeding management decisions.

Edcon needed a system that could return live information across the company at any stage of the sales order process, in any of its four stores.

Choosing a provider that meets requirements with product capabilities head on

Edcon spent about 12 months researching the business management software market, before selecting MYOB's EXO (formally MYOB Exonet).

Ultimately, it was the configurability of EXO that set it apart from the competition.

Edcon choose Kilimanjaro Consulting as their systems implementation provider, because – according to Edcon MD Hugh Edmunds – they “understood our need to incorporate business processes into the product, rather than just transfer data to a database”.

Edcon and Kilimanjaro took an iterative approach to the design of EXO, using an exhaustive system of proposals and feedback at each significant junction in the implementation lifecycle.

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“Our existing business processes were already well defined so we walked Kilimanjaro through each in turn – sales orders, POS, end-of-day, purchasing etc,” says Edmunds, “giving them the opportunity to demonstrate their understanding of the business.”

“We repeated this process several times until we had a clear road map for the implementation ahead.”

Kilimanjaro then configured the system and began designing management reports specific to Edcon’s needs, before embarking on test and training phases. Prior to going live with the new system, Kilimanjaro conducted a soft launch to ensure the switch from Premier to EXO was as seamless as possible.

Keeping your eye on the prize

Edmunds believes it’s essential to go into a business change like this with a very specific idea in your mind about the functionality you want to see at the other end.

“We knew what we wanted to get out of EXO from the outset and we were able to communicate this clearly to Kilimanjaro. With their first class knowledge of the product and their sound understanding of our business, Kilimanjaro were able to tell us what was achievable.

In this way – meeting requirements with achievability head on – we were able to reach a satisfactory outcome to any issues we came up against,” he says.

The immediate benefits of EXO

According to Edmunds, the value of real time data cannot be underestimated.

EXO provides Edcon with management reports that update every fifteen minutes, giving its directors a snap shot view of sales, debtors, stock and creditors and enabling them to keep track of margins at the point of sale. And because they’re snapshots, not endless columns of figures, EXO’s reports are genuinely useful business intelligence.

“Being able to see whether jobs are progressing or stock is being ordered not only helps us keep track of the health of the business but gives us that much more confidence when it comes to forecasting and budgeting,” Edmunds adds.

Reducing bad debt and retaining control at director level

An issue that weighed in heavily in Edmunds’ decision to update to EXO was EXO’s ability to help control bad debt.

Because of Edcon’s disparate legacy sales order system, there was very limited real time data available on poor payers. This meant that operators were in a position of extending credit to customers with bad credit history and inadvertently increasing debt in the process.

But directors at Edcon can now look at reports for each store at the end of the day and see exactly what the company is owed and which customers aren’t paying. It’s now as simple as putting the offending accounts on ‘stop credit’ across all branches until the debts are resolved.

“We really wanted to get a grip on bad debt. With EXO we’ve been able to go one step further and eradicate it all together,” says Edmunds.

Saving costs and freeing up resources

It’s not only in the reduction of debt where considerable cost savings have been made.

The ability in EXO to set up supplier prices means operators at Edcon know at a glance how much the same item costs across a range of suppliers. Where previously, Edcon’s choice of supplier was entirely up to the discretion (and diligence) of the operator placing the order, the company now always orders first from the cheapest supplier.

“The cost difference between our cheapest and most expensive supplier might only be a few cents,” says Edmunds, but “when you’re ordering millions of dollars of stock over the course of a year, the resulting savings are magic”.

The time savings are dramatic too.

According to Edmunds, what used to be a full time position for two people can now be handled by a single part-time position. And that’s even after an increase in customers and orders.

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All-in-all...

“Ultimately EXO is all about peace of mind for us,” says Edmunds. “Having a system in place that records every little part of the sales order process gives you tremendous flexibility in managing your business.”

Edmunds says that even if they wanted to change something like store opening times, it would only take a quick glance at EXO to know which times in which stores were most profitable, and plan accordingly.

“With EXO, you’ve got business intelligence at your fingertips. Without it, you’re really just making decisions in the dark.”

Client and Enterprise partner details

www.edconsteel.com.au

www.kilimanjaro-consulting.com.au



AUSTRALIA

Call 1300 555 110
Email exo@myob.com.au
Web www.myob.com.au/enterprise

NEW ZEALAND

Call 0800 696 239
Email exo@myob.co.nz
Web www.myob.co.nz/enterprise