



Microsoft Business Solutions Retail Management System Customer Solution Case Study



Wine Chain Uncorks New Sales and Smashes Business Bottlenecks

Overview

Country or Region: United States
Industry: Retail

Customer Profile

The Wine Club sells U.S.\$45 million a year from three California locations, a Web store, catalogs, e-mail, and phone orders. It is one of the most respected wine merchants west of the Mississippi.

Business Situation

Tracking voluminous transactions for 8,000 SKUs, purchase orders, delivery receipts, and product transfers was beyond the previous system and opened the door to shrinkage.

Solution

Specifying a system to handle current needs and planned innovation, the CEO chose a Microsoft® retail solution instead of an off-the-shelf or custom-built solution specific to the beverage industry.

Benefits

- One product line's sales nearly doubled
- Store managers retain higher profits
- Transaction time halved
- Inaccurate orders down
- Tailored reports compare productivity

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Jeff Lindholm, CEO, The Wine Club

In 17 years, The Wine Club has opened locations in San Francisco, Santa Ana, and Santa Clara, California. Yet 60 percent of its U.S.\$45 million sales come in through phone and e-mail orders and 10 percent come from an online store. Its 8,000 SKUs include different vintages of the same wine and wine “futures and pre-arrivals.”

But stock levels were uncertain, resulting in the occasional disappointed customer. Management also required transaction data, customer purchase histories, more highly automated purchasing, and ways to track employee productivity.

Microsoft® Business Solutions Retail Management System now lets business data flow where it is needed. Most vital, IT and management can now savor reliable sales and inventory numbers.

“One report...showed us the market potential based on customer preferences and quick inventory turn. We exploded our sales!... We estimated sales in this category went up 90 percent as customers added these wines to regular orders.”

Jeff Lindholm, CEO, The Wine Club

Situation

“You need to compete in every sales channel available, because each customer has a preferred way to purchase,” says Jeff Lindholm, Chief Executive Officer, The Wine Club. “You also need a huge number of immediately available SKUs. Behind the scenes, we didn't have accurate inventory so it took an inordinate amount of time and resources to reconcile inventory with sales.”

Last year, The Wine Club's multichannel business grossed U.S.\$45 million, with 60 percent of its sales by phone and e-mail, 30 percent in-store, and 10 percent from a busy Web site. Stores in San Francisco, Santa Ana, and Santa Clara sell wines and accessories. The Wine Club also takes orders for wine cooler/storage units and fine glassware that are drop-shipped by vendor/partners. Each location is company owned but independently managed.

“Before automation,” says Lindholm, “uncertain inventory opened doors to best-guess purchasing and an occasional disappointed customer. Enophiles take wine seriously. We have to be on top of the market, know availability, and be first with the wines they need.” Imperfect tracking led to inadequate supervision of a valuable inventory and signs of shrinkage were surfacing.

Solution

Scott Jones, e-Business Director, The Wine Club, examined many retail solutions, including several tailored to beverage retailing. The company asked for help from ADC Technologies Group. An independent analysis of information needs, merchandise paths, receipt tracking, and purchasing methods led to a recommendation of a solution that met immediate needs and could grow with the enterprise.

Today, Microsoft® Business Solutions Retail Management System is installed in nearly 40 of The Wine Club's computers and used by all 60 employees. It embraces every sales channel, tracks a large and complex inventory, reviews employee productivity, and keeps highly detailed customer records. A dedicated T-1 line shuttles virtual private network (VPN) data among stores.

“I was glad to see how fast our team picked up the new system,” says Jones. “It took them less than a week to navigate the whole system and learn key components.” The new system works seamlessly for phone sales staff using computers and floor sales staff using registers.

Benefits

“Microsoft Retail Management System has helped us grow significantly, and squeeze more profit out of every dollar,” says Lindholm. Transaction time was cut in half and order accuracy increased a hundredfold.

Lindholm adds, “The new system's single biggest value is giving us complete confidence in all the numbers: gross receipts, inventory on hand, SKUs sold. Having up-to-the-minute data makes us a faster, better organization.”

The Right Levels

“An overstock is as dangerous as an out-of-stock,” says Jones. “The first situation ties up valuable inventory dollars you could be using elsewhere, the second leads to a lost sale and poor customer service. Microsoft Retail Management System gave us faster inventory turn and the right quantities for wines in high demand.”

“Customers immediately noticed our new system and gave us positive feedback!” says Jones. “It allows us to recall each customer's purchase history. We can make quick and informed recommendations based upon past

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Scott Jones, e-Business Director, The Wine Club

preferences. We give them status updates on future arrivals. Customers tell friends about the new efficiency. This is an IT solution that's bringing in new dollars!”

Management Visibility

To Jones, the biggest IT deliverable is “the way we can now assimilate inventory and sales data and categorize it.” He began crafting reports to display information in a format that was most useful and clarified fact-based decisions. Using Microsoft Retail Management System, The Wine Club has streamlined processes and reengineered business practices. Jones says, “We know who's accountable for inventory from receiving to shipping, and we save time at every step. Microsoft Retail Management System has also given us a much better check-and-balance system.”

Lindholm adds, “No one likes to acknowledge shrink but it can be a big problem. This system helps keep honest people honest. It removes temptations that arise in a loose or unchecked environment.”

“One report pinpointed a growing category of wines we had neglected. It showed us the market potential based on customer preferences and quick inventory turn. We exploded our sales!” Lindholm says. “We estimated sales in this category went up 90 percent as customers added these wines to regular orders.”

Adapting to a Specialized Industry

One particular challenge where Microsoft Retail Management System helps is managing sales and commitments of wine “pre-arrivals” and “futures.” A pre-arrival sale occurs six weeks to six months before The Wine Club receives the product. A futures sale can occur up to two years before arrival. “So we needed accurate tracking on the front end when the wine is purchased and on the

back end when the wine is delivered, even two years later,” says Jeff Lindholm.

Another hurdle Microsoft Retail Management System helps jump is the wine industry's practice of assigning the same bar code and SKU to a given wine, regardless of vintage. Microsoft Retail Management System lets The Wine Club cost-average the same wine over different vintages, which is vital because cost can vary dramatically. The Wine Club can also cost-average the same wine/SKU from different suppliers with different cost bases. The company remains price competitive yet manages profitability very carefully.

“Our staff use[s] Microsoft Office extensively,” says Jones. “By e-mailing sales receipts, we save from \$30,000 to \$50,000 in postage. Customers prefer e-mail to snail mail. Our system makes it easy to complete the sales cycle.” The Journal feature delivers a “photocopy” of any transaction at any time. “With the wine we sell, imagine the number of receipts we used to archive. Now they're all electronic. We've cut back on reams of paper and its storage,” says Jones.

Jones uses the very flexible Find features to get pricing or other data on any item. “We carry wines I can't even pronounce. Being able to search the database lets me find what the customer is talking about with almost no information about it. People contact us with just the varietal type, producer's name, just the appellation, etcetera. With that little, we query Microsoft Retail Management System and know in literally seconds. Before we had to write it down, do a manual search, and call the customer back.”

Futures

“In the beverage retail business, it's impossible to sustain profitable growth without a comprehensive management system,” says Lindholm. “I endorse Microsoft Retail Management System because it

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For more information about The Wine Club products and services, call (800) 966-5432 or visit the Web site at: www.thewineclub.com

delivers an integrated, complete solution. Retail is detail, and allows us to drill down from 50,000 feet above to 5 inches inside.”

Jones adds, “Buy from a software developer who can keep pace with your business needs. Get a system you can adjust without hiring expensive consultants. Make sure the system is easy to implement, and can be used by all levels of your organization without thick instruction manuals. Learning its deliverables up front will deliver a big payoff right out of the gate.”

Microsoft Business Solutions Retail Management System

Microsoft Business Solutions Retail Management System offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale (POS), customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Retail Management System is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Retail Management System has the flexibility and scalability to grow with a retailer's business. It works with the Microsoft Office System, Microsoft Windows Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

For more information about Microsoft Retail Management System, go to: www.microsoft.com/pos

Software and Services

- Products
 - Microsoft Windows 2000
 - Microsoft Windows XP Professional
 - Microsoft Windows XP Home
 - Microsoft Business Solutions Retail Management System

Hardware

- Dell GX150 POS workstations
- Dell PowerEdge 2500 servers
- Epson TM-T88 receipt printers
- Metrologic scanners
- MMF cash drawers