



Enterprise Case Study: Using ERP to Increase Process Efficiency

How Trutex used Priority Software to improve stock control and business processes

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Summary

Catalyst

When an enterprise has multiple sales channels serving sometimes complex and bespoke requirements, it needs tight control of its business processes. Having separate systems for different channels can lead to inefficiencies and make stock control difficult. This is where ERP (enterprise resource planning) software can be useful, because it provides automated and integrated inventory control, order systems, and supplier management.

Trutex, a school uniform supplier based in Clitheroe, UK, produces and distributes school wear to meet various bespoke requirements, selling through retail channels, through schools, and direct to parents via its online shop. The company has been using Priority ERP to streamline its business processes and manage its inventory since 2007.

Omdia view

ERP solutions are designed to coordinate and, in parts, automate the core processes of a business and typically cover a wide range of business activity. When embarking on an ERP project, it is important to understand and clearly define the specific requirements of the organization before you select and deploy software. It is crucial to identify which areas of functionality will be required, what can be handled using standard off-the-shelf processes, where process change might be needed, and when business-specific customization is appropriate.

The trend in ERP solutions is to standardize processes wherever possible and keep customization to a minimum, but the reality for many organizations is that their core business applications must be capable of running the detailed and specific processes that lie at the heart of the business. This is particularly true in fast-growing businesses where requirements are liable to constant change. The key factors, therefore, are to find a solution that makes customization easy to manage and to apply strong business governance to the customization process. This may require additional work in the deployment process, but the long-term benefits and efficiencies are worth the upfront effort.

Key messages

- With three different sales channels and areas of its business, Trutex was having difficulty managing its inventory in a coordinated way and wanted improved stock visibility.
- In 2006, the company issued an invitation to tender and chose Medatech UK, Priority Software's authorized UK business partner, to implement Priority ERP to regain control of its inventory and consolidate business processes.
- Priority is flexible and can be configured to map an enterprise's existing processes and requirements, in addition to supporting future change requests. Priority is now a vital part of Trutex's business operations and automates its processes, increasing efficiency.
- Trutex's recent implementation of Priority's Warehouse Management System required several process and software changes.

- Trutex plans to use Priority to implement a robust demand-forecasting system to enable future expansion.

Recommendations

Recommendations for enterprises

Enterprises across different industries can benefit from the centrally coordinated business processes provided by ERP software. Although deployment can take time, and careful planning is important, the hard work upfront pays dividends after implementation, with automated, joined-up processes increasing efficiency, enabling companies to save time and money and plan for future growth.

Unmanaged customization of business applications can quickly spiral out of control, creating havoc for the business and a convoluted software platform. It is therefore important to customize only where this adds value to the business and to closely manage the customization process so that it is well governed and traceable.

Recommendations for vendors

Vendors can meet customer needs by ensuring systems are flexible and can be tailored to bespoke requirements while also offering postdeployment support. Experienced and well-established partners with industry knowledge are vital to providing customers with long-term support. Offering customers a templated and established deployment methodology adds significant value and can accelerate the implementation process. Working in partnership with enterprises helps ensure implementation runs smoothly and that ERP solutions can be tailored to meet customer requirements as they change over time.

Using an ERP system to get a tighter grip on business processes

Setting the business context

Efficient and well-managed business processes can support distribution enterprises

Enterprises in production and distribution need coordinated business processes to run effectively. The management of orders, invoices, and stock levels can be difficult with separate systems, especially for businesses that see seasonal spikes in demand. An ERP system can increase efficiency and enable accurate stock control by taking care of processes such as ordering, invoicing, and stock management—as well as demand forecasting—from a single application.

Trutex wanted to use ERP software to get better control of its inventory

Trutex is one of the largest independent school-wear providers in the UK. Established in 1865 as the Clitheroe Shirting Company, Trutex now provides specialist and bespoke uniforms and sportswear. The company has just over 100 employees and is headquartered in Clitheroe in the UK, with a

manufacturer, John Hall, in Rochdale, UK. There are offshore offices in Shanghai, Sri Lanka, Canada, and Bangladesh and a joint venture in the Middle East.

The nature of Trutex's business means that there is a seasonal flow in demand for its products. Peak times are at the start of the school-wear year in May, when retail stores place a small number of bulky orders to stock shelves, and August, at the start of the academic year, when the volume of orders increases dramatically, with large numbers of orders for small, bespoke requirements.

Trutex has three sales channels: direct to customers via its online store and mail order, through its relationships with schools (and school stores), and via retailers, including large UK chains such as Marks and Spencer and John Lewis. The company supplies badged or bespoke uniforms, procuring from factories across the world and badging items in the factories or onsite in Clitheroe. Schools can also order and badge a range of different products themselves.

These multiple routes to selling meant that Trutex needed tight control of its stock levels. It had different systems for its wholesale, online, and retail businesses but only one pool of stock, which resulted in difficulties and inefficiencies when trying to manage the inventory. This led to overstocking in some areas and shortfall in others.

Trutex prides itself on high levels of customer satisfaction, and poor stock control was a risk. The company also found itself spending large amounts of time on processes that could be automated, such as creating and sending out order confirmations, invoices, and statements. Additionally, the picking of orders in the warehouse was inefficient, and movement of stock through the warehouse was not tracked consistently.

In 2006, realizing it needed to move to a single system, Trutex commissioned a business consultant to write an invitation to tender so the company could procure and then move to a single ERP system.

The role of ICT/services in solving the problem

Trutex chose Priority to consolidate its business processes into a single system

In 2006, Trutex was using several different systems, the main one being Infor System 21. It wanted an ERP that would give it visibility of stock across all channels as well as consolidating business processes. The invitation to tender was sent to Medatech, Priority's "Gold Partner" in the UK, as one of the potential providers. Other solutions on the shortlist included Navision, Aria Systems, Option Systems, Styleman, and PrimaNet.

Priority, implemented by Medatech, was the system selected by Trutex as best fitting the company's needs.

Implementing Priority ERP with Medatech

Trutex now has approximately 90 licenses for Priority, which can be used flexibly to meet seasonal patterns. During the summer, the number of Priority users increases as temporary workers are brought in to meet demand. Priority ERP also enables Trutex's future expansion, because it is an open system with the ability to grow as the business grows without Trutex having to undergo disruptive and costly ERP system enhancements.

In 2018, Trutex completed a project to redesign its warehouse and implement Priority's Warehouse Management System (WMS). The previous system meant that workers in the warehouse used to pick

stock off pallets and would not necessarily scan all orders in and out. Then, at the end of the annual cycle, stock would be counted for reconciliation purposes. It was difficult to manage the inventory accurately.

The new configuration, supported by Priority's WMS, has enabled a scan-in, scan-out process and better management of stock throughout the warehouse. Productivity has improved, and warehouse workflow is easier to manage. Products are scanned with handheld devices linked to the Priority system, and orders can be picked more quickly.

Priority runs on an on-premises server, with an additional server to support handheld terminals used in the Clitheroe warehouse. The system can run either on premises or in the cloud, and Trutex says it would consider moving to a cloud-based implementation in the future.

Outcome assessment

Priority has helped Trutex operate in a more efficient, cost-effective way, improving visibility across different areas of the business. Consolidated and coordinated business operations have also given Trutex complete control of its financial position, allowing plans for expansion in the future.

The system is flexible and well supported, and Trutex has modified it with Medatech extensively over the years to suit its requirements. Customization is a standard element of Medatech's implementation, because customers want systems to align to their own processes. Priority is easy to use, with each department providing its own training on the relevant parts of the system.

In the future, Trutex plans to use Priority to develop a more robust stock-forecasting system and use this to inform procurement plans. The company says Priority's flexibility is key to it, and Medatech is very disciplined in how the system is updated, with a moratorium on changes in the busy months of July and August.

Priority has helped Trutex automate processes and improve efficiency

Bringing business processes into a single system has enabled Trutex to increase efficiency by automating activities such as invoicing, ordering, statements, and order/shipping confirmations, with order confirmations typically issued within 30 minutes of an order being placed. Priority now takes care of most business processes, with separate systems for product data management and the production of school badges.

Order management is crucial for Trutex, which is not just buying and selling a finished product. Instead, the company buys plain products, finishing them off (with badges and other bespoke requirements) or selling them plain for customers to customize to their requirements. There are parent/child relationships between products. Priority has enabled Trutex to automate the supply chain and manage the order process in a more efficient way, aligning purchase orders to sales orders and controlling stock movement across warehouses.

The automation has enabled quicker dispatch of orders, which can now happen in as little as one hour, when the process once took days at best. With orders coming into the business in a number of different ways, the level of automation has given Trutex better control of its supply chain.

Priority also integrates with several courier-tracking systems so that customers can track orders in real time. Over the years, Trutex has increased the number of couriers integrated with Priority, and the system can also create courier labels and send email updates to customers.

The system has enabled Trutex to regain control of its inventory

Before Priority ERP was implemented, having multiple systems in place led to difficulties in forecasting demand and managing stock levels. Priority gives Trutex better visibility of demand and has minimized stock movements from its factories across the globe, with stock moving from the manufacturer only when needed. The system has also enabled Trutex to control stock better across its retail, wholesale, and online businesses and eliminate issues with under- or overstocking.

A more efficient and tightly controlled inventory has also helped Trutex to forecast demand and price its products, which come in various colors, styles, and sizes, more accurately.

Lessons learned

Clearly define requirements at the outset

Before implementing an ERP system, it is important to map out requirements and understand what the software needs to do. Planning and testing upfront is vital. Priority is flexible so that after implementation, it can adapt to changing business requirements, but it is important to assess which parts of the system will meet existing business processes and where change (and change management) might be required.

Make sure you can instill process discipline that people will stick to

Priority is a flexible system—it can be customized to meet an enterprise's bespoke requirements—and Trutex found this invaluable. However, with such a high level of flexibility, there is potential for the system to get out of control without discipline. It is therefore important to choose a competent and experienced implementation partner such as Medatech. Because there is a wide range of functionality in Priority, enterprises need to decide at the beginning which elements of the system are relevant to them. Trutex says it did some things “on a whim,” and process mapping discipline is important so that things are changed in an organized way. Because of the seasonal nature of the Trutex business, any changes to the system are carefully planned to avoid peak transaction periods.

Regularly review the business alignment and value of core applications

ERP and other core business applications tend to be comparatively long-lived, with lifespans of 10–20 years being quite common. Best practice is to review the alignment of the application with the business throughout its lifecycle and ensure that it continues to provide strong business value. As with Trutex, sometimes a major new requirement will necessitate significant change to the system, but it is also important to keep track of customizations and, if possible, cull those that are no longer needed. Cloud-based applications have introduced more frequent upgrades to application functionality, but the same principles of regular review and assessment also apply to on-premises applications.

Appendix

Methodology

Omdia Case Studies leverage in-depth interviews with key stakeholders and a review of any available documentation such as strategic planning, RFP, implementation, and program evaluation documents.

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