



Microsoft Retail Management System and Microsoft Navision Customer Solution Case Study



Macro Wholefoods

Organic Retailer Gives Competitors Food for Thought with Integrated Retail Management System and ERP Solution

Overview

Country or Region

Australia

Industry

Food

Customer Profile

Established in 1983, Macro Wholefoods (Macro) offers organic and natural groceries, produce and café food from three retail stores. Each store turns over about \$10 million a year.

Business Situation

Macro needed a more sophisticated, robust and scalable point-of-sale and inventory management system that could keep pace with its aggressive rollout plans.

Solution

Microsoft Retail Management System running on a local Microsoft® SQL Server™ database handles the POS functions at each store. Transactions are then uploaded into the company's Microsoft Business Solutions – Navision enterprise resource planning (ERP) system.

Benefits

- Enabled aggressive rollout to multiple sites
- Improved stock control and inventory management
- Increased reporting accuracy
- Provided immediate updates from head office to stores

“Each week, the Bondi store processes more than 40,000 items. Microsoft Retail Management System sustains this volume with ease.”

—Damian Broadbent, Financial Controller, Macro Wholefoods

As more people become aware of the dangers of pesticides, chemicals and growth hormones in food, organic produce is fast emerging as an accepted alternative. Macro Wholefoods is at the forefront of this movement. What began as a single store is fast becoming a successful commercial enterprise, with two outlets in Sydney, one in Melbourne and ambitious plans to open another 20 across Australia within the next four years. To support this rapid growth, Macro needed a point-of-sale system that it could deploy at numerous locations and connect to the company's head office and warehouse. Macro worked with Microsoft partner Hands-on Systems to install Microsoft Retail Management® SQL System for point-of-sale functions integrated with Microsoft Business Solutions – Navision for back office control. This sophisticated infrastructure gives Macro the base it needs to expand and has improved the way the company manages its extensive inventory. Enhanced reporting features have improved business decision-making and the system's ease of use has made the in-store experience more enjoyable for customers.



Hands-on Systems

Microsoft
Business
Solutions

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*—Damian Broadbent,
Financial Controller, Macro
Wholefoods*

Situation

No longer regarded as ‘alternative’, increasing numbers of mainstream consumers are turning to organic food to experience the health and taste benefits of naturally-grown produce and to support the more sustainable and environmentally-friendly production practices employed by organic farmers.

The organic market has experienced meteoric growth in the last few years. Worth just A\$28 million in 1995, the Australian organic food industry was valued at A\$300 million in 2004.

For 22 years, Macro Wholefoods in Sydney’s Bondi Junction provided organic products to customers from across the city. In 2004, the store was acquired by Pierce Cody and Brett Blundy. The pair saw the potential to grow the organics market in Australia after watching the trend take off in the United States, the United Kingdom and across Europe.

“When Pierce and Brett acquired the business, it was really a ‘hippy-run’ operation,” says Damian Broadbent, Financial Controller of Macro Wholefoods. “Technology wasn’t a business focus – it was more about the people and encouraging an organic, natural way of living.”

Cody and Blundy saw things differently. To them, technology was a crucial business enabler that would allow them to modernize the business and expand its reach across Australia, making organic and

natural food more accessible to the wider community.

The store’s existing point-of-sale (POS) system was an old MS-DOS® application that ran on outdated equipment and frequently crashed, causing nightmares for staff and customers.

This single-site application couldn’t be deployed to additional sites. With ambitious plans to open up to 20 stores in the next four years, Macro began the search for a solution that could.

Macro’s inventory encompasses everything from apples to almonds, cosmetics to chicken, dog food to detergent and mung beans to mozzarella. The company needed to improve the way it monitored stock. The previous system frequently lost transaction information, meaning inventory data was out of date and inaccurate. Other vital business functions, such as ordering, were also inefficient.

“All ordering was done by hand, which could take a week,” says Linda Machon, Store Manager at Macro’s Bondi Junction store. “By the time you had reached the end of the store, you had to start again at the beginning.”

Solution

Macro reviewed offerings from several vendors, from small programs to large SAP systems to dedicated POS applications such as Dolphin. Macro spoke with several retailers in the United States that used Microsoft Retail Management Systems to run their businesses. Impressed with what

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—Linda Machon, Store Manager Bondi Junction, Macro Wholefoods

it heard, Macro decided to implement a Microsoft solution.

“This was no short-term investment,” says Broadbent. “We wanted a solution that would meet the company’s needs for five to ten years.”

Ensuring Connectivity

Microsoft partner, Hands-on Systems, used Microsoft’s integrated innovation principles to devise a solution that met Macro’s aggressive expansion plans.

The Microsoft solution connects Macro’s POS, purchasing, warehousing, financials, fixed assets and distribution functions. Each store is connected to head office via the Internet.

Microsoft Retail Management System running on a local Microsoft® SQL Server™ database handles the POS functions at each store. Transactions are uploaded to the company’s Microsoft Business Solutions – Navision enterprise resource planning (ERP) system.

Macro installed several Navision modules, including General Ledger, Fixed Assets, Sales and Receivables, Purchases and Payables, Inventory and Warehouse to manage all back-office functions.

Microsoft Office Excel, integrated with Microsoft Navision, tracks sales and generates reports. Microsoft FrontPage® is used to edit display commercials for the POS terminals and Microsoft Exchange Server 2003 integrates all applications with

Microsoft Navision and also serves as the company’s email platform.

Staff use wireless devices running Microsoft Windows Mobile™ to generate stock orders from the shop floor. The wireless devices are connected via Macro’s local area network to the Microsoft Navision ERP system.

“We chose to install Microsoft products because when you deal with such a trusted name, you know their products will be around for the long haul,” said Broadbent.


“We knew the products would be well supported and Microsoft Business Solutions assured us that the software wouldn’t stay static – it would be continuously developed and improved.”

Working to Deadline

Hands-on Systems worked with Macro’s IT team to configure the solution. While Hands-on Systems had the technical expertise, Macro’s new owners had very clear ideas about how they wanted to use technology to achieve their business goals.

Following a three-week pilot of Microsoft Retail Management System in the Bondi Junction store, Macro had just six weeks to deploy the solution there and at its new Crows Nest store in Sydney’s north.

Despite the difficulties caused by the tight schedule, the system was up and running at both stores within the specified timeframe.



“The experience and expertise Hands-on Systems brought to the table meant any problems were solved quickly,” says Broadbent.

Benefits

Improved Stock Control and Inventory Management

Much of Macro’s product range comprises perishables and foods with a limited lifespan, making accurate inventory management crucial. Ordering the correct amounts of fruit, vegetables, dairy products and meat can make the difference between a successful week and a great deal of unnecessary waste.

From hand-written records that provided no accurate way of tracking sales and inventory, staff at Macro’s head office now have online access to hourly sales reports.

Staff in Macro stores use wireless devices for stocktaking. The system then creates direct stock transfer orders from the warehouse.

“Ordering is unbelievably quick now,” says Machon. “We use the wireless devices for all our ordering. We simply scan any product in the store and it automatically creates a purchase order for that company.”

All information on the POS system, as well as all touch screen components, is rolled out through Macro’s head office. For example, if a price needs to be changed or a new product added, head office staff enter the information and every POS

terminal across Australia is updated automatically.

“The ability to change prices and product information instantly is a huge benefit,” says Broadbent. “We don’t have to wait for overnight batch processing to roll out changes. If there’s an error in the system we can fix it quickly and easily.”

Macro is now working to further integrate its supply chain by implementing an automated stock replenishment system. This system will generate orders without the need for human intervention by taking into account factors such as stock levels, the sizes of cartons and minimum orders required by suppliers.

Less time spent on mundane tasks such as stocktaking and ordering means staff have more time to do what they do best – dispensing advice on healthy living and eating.

Increased Reporting Accuracy

Real-time sales tracking means the system can generate immediate and up-to-date reports.

Macro uses Microsoft Office Excel integrated with the Microsoft Navision sales module, to produce sophisticated cash balancing and sales reports in a format users are familiar with. Each morning, staff can use these reports to assess sales results and reduce cash register variances.

Business decision-makers can also use this information to make more effective

choices about how the company is managed.

Enhanced In-Store Experience

Customers can purchase bulk goods quickly using an innovative sales facility that integrates with Microsoft Retail Management System.

Products such as nuts, grains and pulses are kept in self-service containers. Customers simply place as much or as little as they require in a bag, place the bag on the scales and select the product from the options on the touch screen.

The system then prints out a label containing the nutritional information about the product and a barcode, which can be scanned at the POS register. Staff in the deli section use the same system to generate barcodes for items such as cheese, olives and sun dried tomatoes.

Using a system that tracks stock more accurately has increased the number of correctly scanned items by 50-60 per cent in the last 12 months, says Broadbent.

“No one likes to be kept waiting while staff attempt to find the correct barcode,” he says. “Improved efficiency means better customer service.”

Macro’s POS terminals have dual screens; one faces staff and the other faces customers. These screens display the price of goods purchased as they are scanned and promotes Macro products and events. Sounds, such as chickens clucking in advertisements for organic eggs, are used

to engage customers. Formatted in Microsoft FrontPage, the advertisements help build rapport with customers.

The intuitive Microsoft system means new staff require only a couple of hours training before they can sell products on the shop floor.

“A lot of people in this industry aren’t very technology savvy,” says Machon. “They’re more concerned with how to cook millet than how to run a POS system. However, staff quickly understand the basics of the system.”

Scalability and Robustness

The sophistication and scalability of the Microsoft solution mean it can keep pace with Macro’s aggressive rollout plans and grow with the business as additional functionality is required.

“Each week, the Bondi store processes around 8,500 transactions,” says Broadbent. “With an average of five products per transaction, more than 40,000 items are processed each week. Microsoft Retail Management System sustains this volume with ease.

“We have achieved impressive productivity gains by installing a reliable system, ensuring data integrity and putting the right processes in place,” says Broadbent. “You can only have good processes if you have a good system.”

Software and Services

- Microsoft Windows Server 2003
- Microsoft Exchange Server 2003
- Microsoft® SQL Server™ 2000
- Microsoft Business Solutions – Retail Management System
- Microsoft Business Solutions – Navision
- Microsoft Windows XP Pro
- Microsoft Windows Mobile™
- Microsoft Office System
- Microsoft FrontPage® 2000

Partners

- Hands-on Systems

Microsoft Business Solutions

Microsoft Business Solutions automate and help improve financial, customer relationship and supply chain management processes. Delivered through a network of Microsoft partners, these integrated, adaptable solutions work like, and with, familiar Microsoft software to streamline processes across an enterprise.

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For more information about Hands-on Systems products and services, call 9922-6400 or visit the Web site at:

www.handson.com.au.

For more information about Macro Wholefoods products and services, call (02) 9389-7611 or visit the Web site at:

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