Case study

Customer: Labelon
Location: Braintree, Essex, UK
Industry: Distribution
Software: MS Dynamics Nav

Company Profile
Labelon produce every type of label for the fashion industry. The company employs 233 staff based in six locations throughout the world. Top named clients include The Arcadia Group, Next, Monsoon, Debenhams & River Island, www.labelon.com.

Challenges
- Growing business
- Old system too labour-intensive
- Need to reduce tied-up capital
- Maintain service levels and reduce stock
- Integration with Dynamics NAV

Benefits
- Inventory levels reduced by 50%, while maintaining excellent customer service & increased stock levels
- Achieved a good ROI
- Smarter & more efficient purchasing

AGR Dynamics is a supply chain planning specialist offering solutions that optimise the flow of goods throughout the supply chain for distribution, retail and manufacturing companies. The AGR solution increases profits by eliminating unnecessary costs from the supply chain. It uses raw data from any ERP system and automatically selects the best-fitting forecasting method to estimate future demand.

For more information go to:
www.agrdynamics.com

Labelon reduces its stock holding by 50%.

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Ashley Cooper, Managing Director, Labelon

The right balance
Labelon is proud of its excellent customer service reputation and its ability, over many years, to fulfill more than 90% of orders directly from stock. Achieving this means always having stock available and until recently it meant holding an excessive amount of stock and therefore tied-up capital. With the AGR solution in place, Labelon is now achieving its key objective of finding a balance between minimising inventory and fulfilling customer requirements.

"Since installing AGR, we have reduced our stockholding by a massive 50%. Throughout this time, not only have we seen a growth in turnover but we are still providing a first class service to our customers", explains Ashley Cooper, Managing Director, Labelon.

Labelon produces labels for the fashion industry. When asked the question, 'what labels do you produce?' the simple answer is EVERY type of label. "If you can stick it, attach it or sew it onto a garment, then we can produce it," says Gavin Sturman, Purchasing Manager, Labelon.

Labelon employs 233 staff in six locations throughout the world, including the UK head office in Braintree, Essex. They are able to produce labels quickly and efficiently in all the major areas of world-wide fashion production. Clients, including The Arcadia Group, Next, Monsoon, Debenhams, River Island are among the top names entrusting Labelon with their business - and reputations.

Too much stock
With support from the Labelonline web ordering system and the Microsoft Dynamics NAV backoffice system, the company's production process was slick and effective. "The problem lay in our stock forecasting where our re-ordering process was far too labour-intensive", explains Gavin. The only way of knowing about a stock-out situation was by use of report alerts that showed when stock had reached its minimum level. He adds, "This meant our stock controller was forced to plough through these reports and manually re-order the necessary stock requirements." Although customer service was not affected, the company's stockholding grew too much and this became the catalyst to search for a more effective inventory forecasting system.

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"We discussed the problem with our Microsoft Dynamics NAV software partner Adept who suggested we contact AGR Dynamics to take a look at their solution," says Gavin. AGR uses data from any ERP or transaction system and employs sophisticated forecasting methods along with established inventory management techniques to deliver proposals on purchases designed to minimise total inventory costs. The AGR software is specifically designed to make purchasing easier and more effective; with graphical displays of information and easy to perform sales history adjustments.

AGR integrates seamlessly with Microsoft Dynamics NAV system, which meant that Labelon could implement the new system without impacting on other areas of its business. AGR's approach is to focus exclusively on delivering accurate forecasting that results in less cash being tied up in stock holding and a more flexible yet comprehensive approach to customer service. "After seeing a demonstration of the system at our head office, we realized this was exactly the product we needed. In August 2007, after a very good implementation that was on-time and in budget, we went live with AGR," he adds.

Key Benefits

Labelon has achieved its initial goal by reducing its stockholding down from £400K to less than £200K. "It is a great achievement that during a period of significant growth for the company we have reduced our stock levels by more than 50% while maintaining our excellent customer service levels. AGR helps us to forecast sales based on accurate, real-time information so that we are smarter in the way we purchase, which results in less stock with higher availability," says Gavin.

The continuing success of the business means it has increased the number of stock items that Labelon needs to handle. AGR has helped the company be more automated so there is more accuracy within the purchasing department. "Staff are now able to work on more advanced, strategic activities that help us work more effectively instead of using up valuable time on the mundane tasks required by manual systems. A good Return on Investment (ROI) has been achieved and the department has expanded for all the right reasons," says Gavin.

"The overall increase in accurate, real-time information on all aspects of purchasing, inventory and sales gives us complete visibility into the supply chain and has had a positive impact on our management decision making. We now make much more accurate forecasting decisions that have led to reducing inventory holding while maintaining high customer service levels," adds Ashley Cooper.

Future plans

In order to gain even greater benefits from its inventory management, Labelon is looking at AGR's Management By Exception (MBE) module. "This will provide us with the ability to define exception reports which will identify items that need special attention such as potential stock-outs, late deliveries, high forecasting errors and slow movers etc." explains Gavin.

He adds, "At the moment ABC classification is performed at brand level but we are planning to do this analysis at individual product level. This two dimensional ABC analysis is available within AGR and will enable individual items to be classified into categories such as AA, AC, BA and so on, based on turnover value and units sold. This will allow our users to prioritize their inventory and focus efforts accordingly," Gavin adds. Having successfully implemented the software in the UK, roll-out to the other branches is on the cards for 2010. "Apart from our head office in the UK, we have branches in Hong Kong, Mauritius, Romania, Turkey and China. With help from AGR, we aim to improve our inventory management in these countries and provide a high quality, consistent service across all our subsidiaries," says Gavin.

Reliability and Support

"AGR Dynamics and Adept have worked very well together to support our needs," says Gavin, adding, "Both companies are very knowledgeable and have been able to match the system to our specific requirements, ironing out any issues quickly and with a minimum of fuss. The product itself is very reliable and I hear very little about it from the users, which makes me very happy." Ashley Cooper concludes, "Lower inventory means more cash for the business. However, this would quickly be negated if we couldn't give our customers the support they demand and expect. AGR has ticked the box with both of these requirements and we are satisfied that it has been a good investment, which has had a positive impact on our business."