



Epicor Success Story

M.H. King Company

Retailer Improves Inventory Management, Reporting, and Multi-Store Operations with Epicor Technology

Company Facts

- ▶ Headquarters: Burley, Idaho
- ▶ Industry: Specialty Retail
- ▶ Number of Stores: 21
- ▶ Website: www.kingsdiscount.com



Success Highlights

Challenges

- ▶ Provide end-to-end support, including inventory, order management, and reporting

Solutions

- ▶ Epicor® Eagle®
- ▶ Epicor Compass™

Benefits

- ▶ Lowered cost to do physical inventory by \$20,000—\$30,000
- ▶ Reduced store “outs” to less than 5%
- ▶ Able to run discrepancy reports for the first time
- ▶ Better information available to determine markdowns and profit margins

Owned by the same family since 1915, M.H. King Company is a third-generation retail business. Based in Burley, Idaho, King's Variety Store originally started in small towns, then branched out to other areas in Idaho, Montana, Nevada, Oregon, and Utah.

Currently, the company has 21 stores competing against the likes of WalMart as well as smaller regional retailers. A typical King's store ranges from 10,000-20,000 sq. ft. and carries a wide variety of merchandise. Product lines include children's toys, lawn and garden, holiday and seasonal merchandise, and crafts supplies. Annual revenues are approximately \$31 million.

M.H. King was having troubles with its point of sale (POS) system, which consisted of numerous disparate, individual databases (one for each store) that were updated by a “master” batch system. The company was not able to keep track of overall inventory among the stores; and still another system was used to manage the warehouse. “It was all just too cumbersome,” said Clinton Threlkeld, information systems manager, King's Variety Store. “There was a lot of shuffling of information, many spreadsheets...the old systems simply had to be replaced.”

In his search for a replacement, Threlkeld met with 10 different retail software vendors over a six-month period. “We were looking for a system with strengths in inventory management, reporting, and multi-store

environments,” he said. “We really wanted a system that could provide end-to-end support including Human Resources. We heard great things about Epicor Eagle software from other retailers, and determined that Eagle the solution could handle everything we needed.”

New accuracy to inventory management

Threlkeld describes the thorny issues that M.H. King was facing in the critical area of inventory management: “Previously, we would only do inventory once a year, so only at that one point in time would it be accurate. The rest of the year, we were averaging 25 percent outs—the equivalent of 8,000 items—meaning we couldn’t keep enough merchandise in stock.”

Orders were placed in Microsoft® Excel® based on no previous sales history. “We didn’t know how much we needed, or what was selling or being lost due to spoilage,” said Threlkeld. “Basically, if an item was left in the warehouse, it was considered a ‘sale.’” M.H. King needed to get its outs down, develop budgets, and have accurate knowledge of its inventory at all times.

The company used the Epicor Eagle system to test the accuracy of its annual physical inventory. “We were able to run discrepancy reports for the first time, and the process was much easier and more accurate than what we had been doing before,” Threlkeld said. He also estimates that it cost the company \$20,000 - \$30,000 less, because the inventory process was completed much faster and with fewer people. “We used

to do two weeks of review on the data afterwards, as well. That changed to less than a day,” he said. “Previously, our counts were off by 20-30 percent. Now we have confidence in our year-end numbers.”

Streamlining the ordering process

After addressing physical inventory, M.H. King used Epicor Eagle software as a catalyst to completely revamp company procedures and retrain (or hire) employees in a number of areas related to ordering. “Just implementing the technology would not have been enough,” said Threlkeld. “We learned to use the Epicor Compass application review orders and determine each store’s needs.”

As a first step, M.H. King did “lots of data cleanup,” according to Threlkeld. “The structure of the department, class, and fineline information was very important; we did more work on that than anything else,” he said. “It took several revisions to get it right, and it is something that has to be rigorously maintained. We also built reports in Compass software to do comparisons among stores, vendors, and departments, which allowed us to reorganize our merchandise. Now, with Epicor Eagle software we have better information available to determine markdowns and profit margins.”

The company set up automated orders/replenishment to run Retail Sales Orders (RSOs) out of the Epicor Eagle system. “We started seeing markedly improved results—outs are now less than 5 percent in the stores,” said Threlkeld.

“Now, with Epicor Eagle software we also have better information available to determine markdowns and profit margins.”

Clinton Threlkeld, Information Systems Manager | King’s Variety Store

Most recently, M.H. King has taken a new approach to seasonal inventory reports and orders—using a combination of learnings to date to make better decisions. “We now calculate quantities of this type of merchandise as a future purchase order in Eagle software, till the season actually kicks in. This lets us place the order for everyday items at special (seasonal) pricing whenever we want, and continue to run business as usual in the meantime. This used to be very confusing in our old system; with Eagle, we have already seen improvements during the 2011 back-to-school season,” said Threlkeld.

Well-integrated solution

In his career, Threlkeld has worked with several different POS systems, and has seen many more. His assessment after the first year on Epicor Eagle software is very positive. “The Eagle solution has many different aspects, but they are integrated together really well, so that information flows easily between different areas. It’s a very solid design,” he said.

About Epicor

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