



## Microsoft Dynamics Customer Solution Case Study



## Leading Catalog Retailer Fast Tracks Growth, Realizes Companywide Cost Savings

### Overview

**Country or Region:** United States

**Industry:** Retail and hospitality—Non-store retailing

### Customer Profile

Miles Kimball Company, headquartered in Oshkosh, Wisconsin, is a leader in the catalog retail business, generating more than U.S.\$200 million a year in sales.

### Business Situation

To speed its growth objectives, manage operations more efficiently, and cut costs in all departments, Miles Kimball needed to replace aging, limited software tools.

### Solution

The company implemented Microsoft Dynamics® AX together with JunctionRES from Microsoft® Gold Certified Partner Junction Solutions as key elements of an integrated, productive business infrastructure.

### Benefits

- Scales to deliver excellent performance
- Generates cost savings, cuts training time in half
- Produces higher return on marketing investment
- Boosts service quality, helps realize growth goals

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Jeff Verhagen, Chief Information Officer, Miles Kimball Company

Catalog business leader Miles Kimball Company set an ambitious growth goal, aiming to almost triple the company’s revenue within five years. That meant a vastly increased volume of customer transactions and higher workloads for all departments. To manage operations, Miles Kimball rebuilt its business infrastructure on Microsoft® technology and replaced aging software tools. The company engaged Microsoft Gold Certified Partner Junction Solutions to implement Microsoft Dynamics® AX and JunctionRES retail software. The new, integrated business solution scales to unprecedented numbers of transactions and users, and facilitates cost reductions and increased efficiencies in most business groups. Miles Kimball is looking forward to operating at peak productivity and profitability by its next peak season and is firmly on track to attain its growth targets.



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### Situation

As one of the companies to create and define the industry, Miles Kimball Company has been a leader in the retail catalog business since 1935. Miles Kimball does business under its own and two other primary brands, Walter Drake and Exposures. The company pursues more targeted market segments under smaller brands, including Serenity Falls, Easy Comfort, Home Market Place, Sundial, and Mrs. Kimball’s Candy Shoppe. Annually, Miles Kimball generates more than U.S.\$200 million in sales and mails more than 100 million catalogs to customers across the United States. Approximately 40 percent of the business comes from catalog mail sales and another 30 percent through the company’s online sites, with telephone sales accounting for the remainder. Miles Kimball is a subsidiary of Blyth Inc., the global retail and wholesale distribution company.

For the Miles Kimball call center, the busiest season of the year starts in September and peaks in late November. Every year, the company hires at least 300 temporary employees to serve customers during that

time. The 400,000-square-foot fulfillment center and warehouse experiences the highest activity during December when workers fulfill 40,000 or more orders a day. Miles Kimball maintains a complex inventory of close to 20,000 store-keeping units (SKUs). Product kits and extensive personalization increase the number of SKUs and the complexity of managing the warehouse.

### Technology Not In Line with Business Needs

Although Miles Kimball used technology to manage operations, it also maintained manual, frequently inefficient processes. For almost 17 years, the company used a program called Ecometry as the main business management tool. Data entry workers keyed in customer orders, which the company then processed in batches. In the warehouse, workers received products and put them away, using data entry functions to enter and track inventory.

The marketing and merchandising team also used Ecometry and spreadsheets created in

Miles Kimball reception desk at the headquarters in Oshkosh, Wisconsin.



Microsoft® Office Excel® 2007 to create, revise, and manage the printed product catalog layouts. Miles Kimball publishes several iterations of every catalog. Because Ecometry could not handle the growing Web order traffic or support updates to the online versions of the catalogs, Miles Kimball implemented Microsoft Commerce Server 2007 to manage Web orders. In the absence of a single catalog-publishing and content management tool, the marketing team had to create product detail twice—once for the print catalogs in Ecometry and again in Commerce Server 2007.

#### **Growth and Technology Goals**

When Miles Kimball managers learned that Hewlett-Packard planned to stop supporting the HP-MPE operating system that Ecometry ran on, they saw an opportunity to make the business infrastructure more effective by integrating disparate components and aligning it with the business strategy. Miles Kimball had an ambitious goal of achieving U.S.\$500 million in annual revenue within five years. The company also aimed to cut costs in every department by 10 percent. To realize these goals, Miles Kimball required vastly scalable and extremely efficient business management technology.

Other requirements also encouraged a technology change. For example, Miles Kimball anticipates expansion into Canada, which meant that business systems would have to support international operations. In addition, the company wanted to make its product forecasting more accurate, offer installment billing to customers, and have better control over marketing and campaign data.

Miles Kimball hoped to extend the value of its investment in Microsoft technology and present employees with a software solution that would be as intuitive and easy to learn as Microsoft Office Outlook® 2007. Jeff

Verhagen, Chief Information Officer at Miles Kimball, says, “We wanted an integrated technology solution that could help us realize our goals and effectively manage all aspects of the business at a low cost of ownership. And, given our great experience with Commerce Server 2007 and the Microsoft Office system, we were certain that we could accomplish that goal within our technology environment.”

#### **Solution**

The steering committee for the software evaluation project compared the leading vendors of software for the catalog industry, including Escalate Retail; Commercialware; and Profitcenter Software, an outsourced solution. But most of the solutions did not fit the requirements for a low total cost of ownership (TCO) and businesswide management, nor were they in line with the company's road map for a fully integrated, streamlined systems architecture. In addition, several of the systems ran on proprietary operating software and hardware.

With help from Microsoft Gold Certified Partner Junction Solutions, Miles Kimball decided that Microsoft Dynamics® AX together with JunctionRES best matched the company's strategic goals and could fulfill the operational requirements to support its long-term growth strategy and prepare for international business.

#### **Managing a Complex Implementation**

Junction Solutions served as both implementation partner and software provider for Miles Kimball. Developed using Microsoft .NET technologies, JunctionRES extends Microsoft Dynamics AX with retail-specific capabilities in several critical areas, including order management, customer service, warehouse management, and financial management.



Automated Miles Kimball warehouse operations.

During the implementation, the project team used Microsoft Office SharePoint® Server 2007 to collect all business requirements, build and manage project workflows, obtain and document approvals, and share test results. A combined team of technologists from Miles Kimball and Junction Solutions engaged with peers from the Microsoft Business Systems Architecture group to optimize and devise performance tests for the solution architecture. Testing demonstrated that the new infrastructure easily supported not just the 600 concurrent users who would initially use the solution, but more than twice that number. As Verhagen explains, “Other organizations may stop demand generation and advertising or delay their plans when they undergo a companywide technology upgrade. But Microsoft Dynamics AX fits perfectly with our business model and goals, so we kept going at almost full speed with minimal slowdown.”

#### **Taking Ownership of a Streamlined Business Management Infrastructure**

Once Miles Kimball technologists were deeply familiar with Microsoft Dynamics AX and JunctionRES, they trained other employees.

Today, Miles Kimball teams in all business areas rely on the solution as a single point of access to complete their tasks.

Microsoft Dynamics AX and JunctionRES connect with Commerce Server 2007 through Microsoft BizTalk® Server 2004, which facilitates an uninterrupted flow of orders and information within the business infrastructure. Commerce Server 2007 maintains its own inventory levels by receiving daily updates from Microsoft Dynamics AX. Workflows in Office SharePoint Server 2007 integrate with Microsoft Dynamics AX and enable an automated, paperless purchase-order process with consistent, documented approvals and routings to procure efficiently all nonsellable products, such as business supplies.

Creative and marketing teams use Microsoft Dynamics AX as the single system of record for the frequent catalog product updates. Using a tool called Catalog Builder—created by Miles Kimball using the programming capabilities in Microsoft Dynamics AX—the company’s catalog marketers can now make rapid changes to the layout of the printed catalogs, almost until the catalogs go to print. Such layout changes happen, for example, when reporting from online sales shows that certain products are strong sellers and should have more prominent exposure in the print catalog.

#### **Simplifying Reporting and Fulfillment**

Instead of the manual product forecasting system that Miles Kimball used, forecasting now relies on current business information and can take into account emerging customer preferences. Miles Kimball uses Junction Solutions Consumer Driven Planning for Microsoft Dynamics AX, a tool that allows for flexible, top-down and bottom-up product forecasting. Microsoft SQL Server® 2005 serves to create the company’s business data and provides extensive data management

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and analytical capabilities, using three-dimensional data cubes. JunctionBI from Junction Solutions integrates with SQL Server 2005 as the company’s data warehouse and reporting engine. Employees access reports quickly, easily, and on demand by using Microsoft SQL Server Reporting Services. They quickly and securely distribute those reports to business decision makers through Office SharePoint Server 2007.

In the fulfillment center, Wireless Warehouse from Junction Solutions integrates with Microsoft Dynamics AX and JunctionRES to enable wireless scanning and processing of incoming items, including put-away to bulk locations. Inventory reconciliation occurs in real time and items need to be entered only once, reducing the potential for errors.

Because Windows Server® 2003 provides a highly reliable and secure operating environment with minimal administrative demands, the Miles Kimball IT team can make adjustments to Microsoft Dynamics AX quickly and easily. Miles Kimball signed up for both Deluxe Support Services for Microsoft Dynamics and Junction Solutions Support Services to make sure it would receive technology updates and have direct access to industry and technical expertise. Says Verhagen, “Deluxe Support Services for Microsoft Dynamics is worth every penny we spend. We are absolutely delighted with what our account representative accomplishes for us and the quality of support and information we receive.”

### Benefits

The implementation of Microsoft Dynamics AX and Junction Solutions delivered on all of the most critical requirements that Miles Kimball had set, providing substantial, tangible benefits much faster than the company hoped. It also puts the company on firm footing to achieve its goals for revenue and business growth.

### Scales to Deliver Excellent Performance

Says Verhagen, “Microsoft Dynamics AX and JunctionRES offer huge opportunities in our multichannel retail environment. We haven’t even come close to exhausting the solution’s capabilities to help us succeed.”

Early testing benchmarks show that, with 1,221 users and over three times the amount of order-taking activity recorded before the software implementation, Microsoft Dynamics AX and JunctionRES perform above expectations, using less than 15 percent of system resources and leaving ample room for more traffic and business growth. At the half-million order milestone, with almost every order resulting in multiple line items, kits, and customizations, performance in all business areas is consistently high. Follow-up testing shows that the day-to-day operation of Microsoft Dynamics AX and JunctionRES improves upon the results of the testing that Miles Kimball conducted during the implementation process.

### Generates Cost Savings, Cuts Training Time in Half

IT staff at Miles Kimball now works more strategically, helping the company move toward its growth goals. “After less than two months on the new solution, several departments, including IT, have already realized one of our main goals: cutting expenses by 10 percent,” says Verhagen. Microsoft Dynamics AX and JunctionRES generate savings in other areas as well.

New call center workers quickly find their way around the highly intuitive interface of Microsoft Dynamics AX, which resembles the look and feel of Office Outlook 2007. Convenient drop-down menus simplify order processing and help keep the focus on customer needs. Miles Kimball also expects to realize annual savings with most of the seasonal employees. Verhagen says, “Producing a real dollar savings to the

Miles Kimball call center during a busy period.



organization, we managed to cut training time for our 300 seasonal call center employees in half—from two weeks to one.”

#### **Produces Higher Return on Marketing Investment**

Miles Kimball marketers can now determine which iteration of a catalog or brand Web site resulted in the most customer orders, even if the customers place their orders using a different channel. The company can accurately measure the return on marketing investment and build targeted campaigns to exceed profitability goals. “Microsoft Dynamics AX helps us make our catalogs much more profitable, and it eliminates weeks of production time,” explains Verhagen. “Because our reporting is faster and more accurate, and our marketing has become more efficient, we can position the most profitable products with great visibility in the print catalogs, almost until the moment printing occurs, and make sure to meet customer demand across all our brands.”

#### **Boosts Service Quality, Helps Realize Growth Goals**

With Microsoft Dynamics AX, Miles Kimball call center employees can respond more quickly to customers. With batchless data entry, customer orders move on to fulfillment sooner. Reducing the staffing needs for this function by 10 percent, Miles Kimball was able to reallocate team members’ time to more critical tasks in serving customers. Mail-order processing has also become much more reliable and efficient. And the finance department continues to further reduce its already streamlined month-end closing process from three to four days to as little as two to three days or even less.

In enabling increased efficiencies and substantial savings with outstanding performance, Microsoft Dynamics AX helps Miles Kimball confidently pursue its growth targets. Says Verhagen, “Thanks to Microsoft Dynamics AX, we can confidently pursue our growth objectives and look forward to accomplishing our target of \$500 million in annual revenue within five years.”

## For More Information

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For more information about Miles Kimball Company products and services, call (800) 546-2255 or visit the Web site at: [www.mileskimball.com](http://www.mileskimball.com)

For more information about Junction Solutions products and services, call (847) 947-7950 or visit the Web site at: [www.junctionsolutions.com](http://www.junctionsolutions.com)

## Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: [www.microsoft.com/dynamics](http://www.microsoft.com/dynamics)

### Software and Services

- Microsoft Dynamics
  - Microsoft Dynamics AX 4.0
- Microsoft Office
  - Microsoft Office Excel 2007
  - Microsoft Office Outlook 2007
  - Microsoft Office SharePoint Server 2007
- Microsoft Server Product Portfolio
  - Microsoft BizTalk Server 2004
  - Microsoft Commerce Server 2007
  - Windows Server 2003

### ■ Services

- Deluxe Support Service for Microsoft Dynamics

### Partners

- Junction Solutions