

# THE BOTTOM LINE

## THE INDEPENDENT VOICE FOR CANADA'S ACCOUNTING AND FINANCIAL PROFESSIONALS

www.lexisnexis.ca

Vol. 19 No. 12

October 2003

By MICHAEL BURNS  
Toronto

**Situation:** Target Wholesale & Distributors Inc., is a distributor of fireplace supplies operating out of Toronto with a staff of eight people.

The company has evolved from supplying whole fireplace units and mantles to now supplying just fireplace and grill parts. It has found a successful niche and the company has grown rapidly over the last few years.

A change in a business can often lead to a change in systems.

Target had a DOS-based Foxpro system that was good for a service-based operation, but not good for distribution of parts. George Catena, owner of Target, conducted a thorough search for a new system that included everything from QuickBooks to JD Edwards. He was looking for a system that would allow his salespeople to quickly and efficiently handle customer requests for parts.

The company needed a system that would not only provide multiple lookups of inventory such as by make, model, brand, and category, but also included the ability to drill down to associated parts. Using a car example — you could see a list of all parts for a Ford

Taurus, select transmission and then drill down to all parts associated with a transmission.

Catena could not find a system at an affordable price. Then, a number of years ago, he happened to change his search criteria on the Internet to something a little more specific about parts inventory, and for the first time he noticed the Everest System from iCode. Catena did his due diligence without ever meeting anyone at iCode face to face.

Based on an online demonstration and testing a trial system, George selected Everest in the spring of 2000. As he felt confident in his computer abilities and, in order to limit costs, Target implemented Everest without implementation assistance from iCode.

**Solution:** The Everest system from iCode includes accounting, E-commerce, purchasing, point of sale, CRM, inventory control, contact manager, e-mail communication, sales force automation, service, shipping/receiving, and return authorization.

With Everest, Target is able to achieve its objective in allowing salespeople to quickly and efficiently handle customer requests for parts. There are helpful notes on inventory items in the system and salespeople can easily find parts based on

multiple criteria and drill down to associated parts.

Everest has been implemented at over 2,000 customers worldwide with 40 in Canada. Everest is available in both a standard and advanced version. The standard edition is designed for smaller companies (up to 50 employees) and uses the Advantage database. The advanced version is designed for larger companies (up to 100 employees), includes multi-currency and uses Microsoft SQL Server as the database.

**Challenges:** The biggest challenge was (and still is) deciding on how to best use the system. Target decided that it would be too expensive to train iCode on its business, so, he decided to invest the time in learning Everest on his own, thereby reducing implementation costs and also forcing himself to become an expert. However, this approach is not without risks.

For example, Target did not setup the inventory system to include the weight of each part and now is unable to use Everest's shipping system to automatically calculate shipping charges. Target confirms each order by e-mail and includes the cost of shipping (which is manually calculated) in the confirmation.

Every system has hiccups including Everest. Target has

been happy with the support from iCode. As well, Catena will use iCode's forum to post questions — in short order he gets good advice from other Everest users.

Target was spending a lot of time in handling foreign exchange with the standard edition that they used up until a few months ago. This problem was resolved with the upgrade to the advanced version.

Although Target has implemented E-commerce, only about 5 per cent of their orders are entered online. Target plans to do a better job in letting people know about their online business.

**Costs and Benefits:** To date, Target has invested about \$16,000 for the Everest system with an eight-user license, which includes an initial investment of \$5,000 and later the purchase of E-commerce, additional licenses and an upgrade to the advanced version.

Target also pays \$1,200 US per year for maintenance which includes upgrades of the software.

Target has achieved significant benefits from the Everest system including growth of 600 per cent with only twice the employees. Target has also been able to significantly improve profit margins. Target knows when to purchase inventory and

uses vendor history to better negotiate purchasing. Target is now able to order larger number of units at a time which the vendors appreciate with quantity discounts. With the larger shipments, Target also reduces the shipping charge.

**Bottom Line:** Target has a win-win relationship with its vendors. By optimally replenishing inventory, Target saves money and so does the vendor by processing less orders, shipments, invoices.

Target has the same win-win relationship with its customers. Loaded with customer history, the company suggests ways for their customers to save money by also optimally replenishing inventory. And Target has a win-win relationship with iCode. iCode gets their annual fees/upgrades and a good reference from Target. Target achieves its objective in quickly and efficiently handling customer requests with salespeople who don't have the same wealth of experience as Catena.

---

**Michael Burns, CA, MBA,** is president of **180 Systems**. 180 Systems provides objective consulting advice in the selection and implementation of accounting systems. Michael can be reached at 416-963-1296 or by e-mail at: [m burns@180systems.com](mailto:m burns@180systems.com)