

Furniture Makers:

7 Methods to Accelerate Profits from your Retail Channels



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Welcome to this free guide for furniture manufacturers from the industry software specialists, Sanderson. This is part one of a series called Furniture Makers: How To Make a Suite Profit [a 3 Piece Guide]. The series explores the challenges faced by furniture manufacturers today, and offers best practice advice on how you can turn them to your advantage.

This first instalment is Furniture Makers: 7 Methods to Accelerate Profits from your Retail Channels. You'll read how establishing an excellent relationship with your trading partners is essential for success – but need not be as complicated or costly as you think. In fact, investing time and money in improving communications and partnerships can provide you with very comfortable return on investment (ROI).

Part two is called [Furniture Makers: How to Increase Your Sales Volume and Lower Costs for a Suite Profit](#). Click to download this guide which examines the critical balancing act of how to increase your sales volume while reducing your cost of sales. Could using more integrated, supportive business processes be the key to maximising your opportunity to plump up business?

Finally, part three is [Furniture Makers: How to Increase Your Production and Delivery Speed for a Suite Profit](#). Click to download this guide which explores the factors that contribute to planning your success or failure. Don't miss this final instalment for fresh ideas on how your furniture business can 'set-tee' the standard by managing its production and delivery processes better than its competitors...



The relationship with your trading partners is crucial. You need to be seen as easy to trade with, responsive and innovative, adding value to the trading process - as well as supplying excellent products at the right price.



Managing multiple customers – who each buy complex products in different ways – is complicated, expensive and time-consuming, but essential.

This guide explores the challenges and offers best practice advice on how to improve your relationship with retail partners whilst streamlining your processes to reduce cost.

We will look at:



Your goals: what your business wants to achieve.



Challenges for you: the circumstances that make this difficult.



Best practice solutions: how to address the challenges successfully and cost effectively.



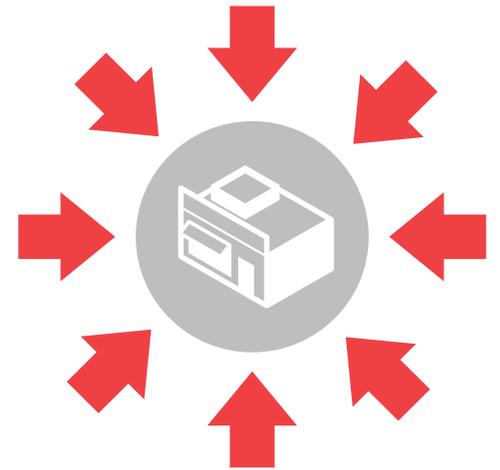
The benefits: the business advantages you enjoy by taking this approach.

Sales Channels to Suit



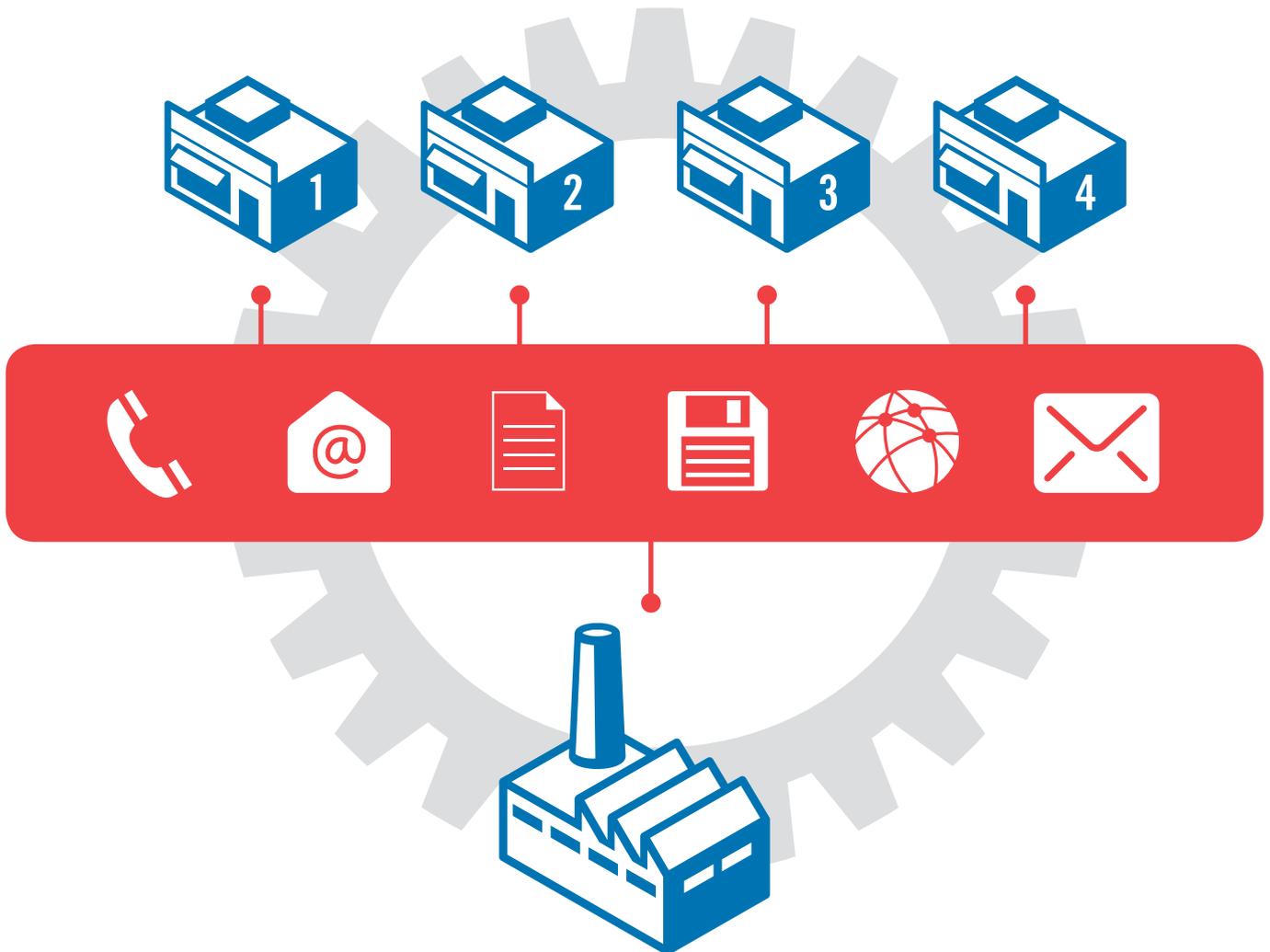
Your Goal

To support all your retail customers' current and future sales channels.



Challenges For You

Each retailer uses its own combination of sales channels and provides its sales orders to you in different ways. Orders may arrive as phone calls, emails, faxes, data files, from a website or through the post. Some retailers' orders are electronic and are received immediately, others are delayed by processing before they reach you.

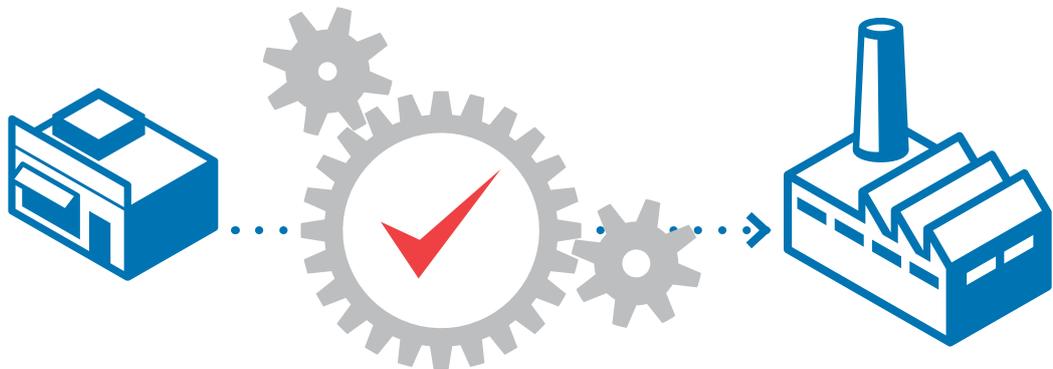


Every order channel from each retailer poses different problems that you have to address through internal processes which incur time and cost. Typical problems include transcription errors, time lags, missing information and retailer mistakes. Bottlenecks in administration add more time to your processing, in turn putting pressure on your supply and manufacturing – and potentially adding more cost.



Best Practice Solutions

Offer each retailer whichever channels suit their business. Small retailers who buy infrequently may be happy with simply faxing through an order to you. A large retailer may wish to send you their orders directly from their own computer system.



The secret to being able to offer all channels is using a supportive IT structure which provides both flexibility and control. As the trading partnership grows, each order channel is likely to become more sophisticated as each party is prepared to invest in the trading relationship. Your internal systems must support this.



The Benefits:

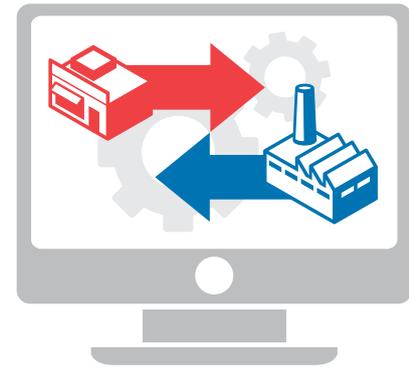
You can work effectively with all sizes and types of retailer. The trading partnership can be developed over time and loyalty built between both parties. Faster order processing means more time to organise, supply and manufacture – creating an opportunity to reduce lead times and/or manage costs down. The transactional cost can be reduced, even as volumes increase.

Computer Says, “Yes!”



Your Goal

To automate retailer-manufacturer trading to reduce cost and save time.



Challenges For You

Each of your retail partners has different abilities to automate processes. The volume of trade affects the return on investment achieved from such automation. Developing retailer-specific facilities is expensive and incurs ongoing support costs; however it helps consolidate and extend your trading partnership.



Best Practice Solutions

Use a proven (i.e. referenceable), standard automation framework that supports a wide range of inter-trading mechanisms. This should use standard technologies that are easy to support and develop. Talk to an experienced business systems provider for help with this. For more details see page 11.



The Benefits:

This single investment in your infrastructure lowers the cost of each automation, so more suppliers can benefit. The unit cost of each subsequent transaction comes down, accuracy is improved and time saved, for both parties.

“In comparison with paper-based processes, electronic invoice handling processes make it possible to reduce costs by 50-80%.”

[E-Invoicing/E-Billing 2013 Report, Billentis](#)

Open All Hours?



Your Goal

Support for your retail customers' hours of business.



Challenges For You

Retail businesses trade seven days a week, with stores often open into the evenings and websites available 24/7. Whilst the retailer is somewhat independent of the manufacturer, the retailer needs to be able to answer a wide range of questions from their consumer customers.

Some of these questions, e.g. "When is my order coming?", need information from you. In addition, some retailers may prefer to raise their supply orders as they occur, which may be outside your trading hours.



Best Practice Solutions

Offer your retail partners automated, 'self-service' systems which provide information and receive and process orders on demand.



The Benefits:

You ensure a consistent service level to retailers, irrespective of their trading times, locations and volume of business. Automation allows you to improve your service without increasing headcount, whilst improving information accuracy and reducing the cost per communication to almost zero.

“The internet has extended store opening hours, so that consumers now expect to be able to place orders 24 hours per day, 365 days a year. Why should commercial business operate differently?”

Portals: Your Customer Service Secret Weapon

An Uncomfy Issue...



Your Goal

To manage and control retailer debts.



Challenges For You

Every manufacturer wants more orders from their retail customers. But products have to be paid for. So your order receipting processes need to recognise credit issues. Your management need to understand which retailers owe what, so that credit levels can be adjusted appropriately. The problem is often financial and sales systems are separate, leading to inaccurate, out-of-date information and costly mistakes. The increasing number of order channels extends this problem.



Best Practice Solutions

Your sales order process needs to take account of current debts including accepted orders awaiting production and delivery. Credit issues need to be recognised as orders are processed. Managers need to be proactively provided with dashboard-type management information, including the financial exposure to each customer.



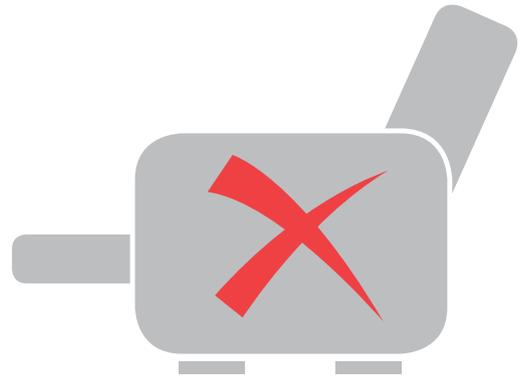
The Benefits:

Your trading relationship is supported by early recognition of payment issues. Debt exposure is clear so that appropriate actions can be taken. Your administration costs associated with debt management are reduced – and hopefully bad debt write-offs reduced too.

“ Eight out of ten SMEs fail because of cash-flow problems. ”

SimplyCashflow

Don't Put Your Feet Up After Promotions...



Your Goal

To manage and analyse the impact of product promotion.



Challenges For You

Many furniture manufacturers complement retail advertising by doing some promotion themselves. This product promotion can span newspaper and magazine articles and insertions, TV and radio advertising, billboards, websites etc. To measure your promotion's effectiveness, the numbers of brochure requests and orders resulting from each promotion need to be tracked. Without this insight, money is easily wasted on blindly repeating poorly performing promotions. The key challenge is to analyse the contribution of your own (the manufacturer's) promotion.



Best Practice Solutions

Record which promotional activity has generated which enquiries and which orders for you as prospective customers respond to the various campaigns. Integrating enquiry handling and sales order processing makes this easier and more accurate. Employ a set of analysis and reporting tools and dashboards that convert sales and marketing data into proper, usable management information.



The Benefits:

Real-time analysis of the impact of promotional campaigns helps businesses to tune their promotional activity. Using dashboard presentations makes the information easy to understand so that your managers can focus on improving the business. Medium- and long-term promotional strategy should take account of the results of previous promotions so your marketing plan can be refined to help the business grow.

“Getting trade promotion right is the key to selling more... and maximising profit.”

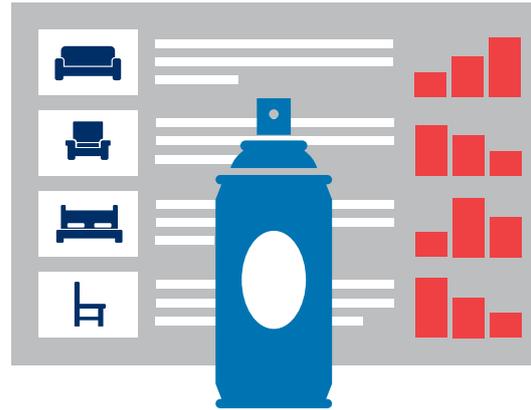
Sell More With Smarter Trade Promotions – Harvard Business Review

Polish Your Tables



Your Goal

To manage product complexity within the sales process.



Challenges For You

Furniture is complicated. Your ranges, models, fabric and material styles and colours combine with other model-specific options to create an almost unlimited number of products. It takes a massive amount of time to pre-define every product combination and ongoing maintenance is onerous.

Sales and manufacturing processes need to understand products in the same way to avoid unnecessary confusion. A simple and consistent way to define and communicate the various options available in your product ranges is critical. New products or options also need to be easy to document and introduce.



Best Practice Solutions

Define the rules and tables that determine your product structures, including whatever options are available. Product structures themselves should be automatically created by the rules and tables when a sales order is received. The rules should enable any approved users to define a valid product, including any complementary product/services.



The Benefits:

Your new sales orders create manufacturing and purchase orders that accurately represent customer needs. Using rules and tables the amount of work involved in defining and maintaining product structures is reduced. This means new products can be added more easily. The cost of product maintenance is reduced and thus your profitability increased. Product definition errors are reduced, resulting in fewer returns and complaints and better customer service.

And Finally - With Unity You'll Be Sitting Pretty

You might rightly ask: how does Sanderson know what works?

Sanderson provides Unity, the Enterprise Resource Planning (ERP) software system used by leading UK furniture companies to manage their businesses. This guide reflects the approaches that our customers use and benefit from every day.

By choosing Sanderson as your IT partner, you take a shortcut to growing your furniture profits. We have decades of experience in keeping furniture manufacturers competitive and profitable using our cost effective, integrated IT solutions.

For example, in Unity, Sales Order Processing offers multiple sales channels and includes product configuration so that orders can be received and processed automatically. Customers can send orders by email with attached documents (such as spreadsheets), or as XML messages, or by a number of file transfer methods. Unity receives, validates and responds to all of these as and when they arrive. It also identifies and manages any order errors that are received.

Unity addresses the challenge of product complexity (range/model/fabric/colour/options) by capturing product options and rules in a simple, effective manner that:

- Reduces the administration overhead.
- De-skills the configuration process.
- Makes new product introduction easier.

The Sales Order modules integrate with the rest of Unity to create a single, joined-up process that creates a consistent understanding of the business and its performance.



To find out more about how Sanderson Unity ERP can help your business please call us on 0333 123 1400 or email info@sanderson.com.

About Sanderson

Sanderson Group PLC has 30 years of experience in delivering manufacturing ERP solutions nationwide. Today top UK furniture businesses such as HSL and Sherborne are using the integrated Sanderson Unity ERP software to manage their operations efficiently. We also help hundreds of other manufacturers to improve their businesses, supported from our 5 UK offices. With our Unity ERP software you gain a quick-start platform to accelerate your furniture business, backed with the confidence of our industry expertise and proven long-term support.

Find out more about how a fully integrated furniture ERP system can improve all aspects of your business.

Download part two of our free three-part series Furniture Makers: How to Increase Your Sales Volume and Lower Costs for a Suite Profit.

Download Now! ▶

Or skip to download part three:

Furniture Makers: How to Increase Your Production & Delivery Speed for a Suite Profit.

Download Now! ▶

