

## Synopsis

**Client:** Major manufacturer of specialty chemicals and supplies for the heating and plumbing industry, processing more than 10,000 orders monthly.

**Key Pains:** Difficulty managing suppliers and forecasting demand, which led to missed market opportunities and ineffective inventory management.

**Solution:** Microsoft Dynamics NAV

**Key Benefits:** Reduced duplicate data entry and errors, greater analytics and a 15% reduction in inventory levels, which reduce general and administrative costs.

## The Client

Hercules Chemical is an established, cutting-edge manufacturer of specialty chemicals and supplies for the plumbing and heating industry. Based in Passaic, New Jersey, they produce a total of 75 product families, comprising over 300 individual SKU's. To support this product line, they maintain active relationships with over 200 suppliers spread across the eastern half of the US. These suppliers provide literally thousands of different raw material categories.

Their client roster includes over 1,500 wholesalers nationwide, as well as over 100 retailers, such as Lowes, Home Depot, Menards, Ace Hardware, and Tru Value. Hercules manufactures and ships more than 10,000 individual orders each and every month, and adhere to a "next day" shipping discipline. Their customers count on receiving their orders within 3 to 7 business days, depending on their location.

Since their inception in 1915, Hercules has developed a reputation not only for exceptional customer care, but also for product innovation and active employee participation in the business. Many of their products have become industry standards, and their Employee Stock Ownership Plan ensures the high levels of employee satisfaction and loyalty that is critical to serving their customer base with excellence.

## The Challenge

Hercules' business viability depends on efficiently managing and coordinating inputs from a steadily expanding number of suppliers, keeping their manufacturing cycles as short and efficient as possible, and accurately forecasting and analyzing demand so as to capitalize fully on their growing market potential. The existing Hercules systems were beginning to show signs of strain.

Inventory management had also become increasingly complex and carrying costs were growing. At the same time, existing procurement and manufacturing controls began to prove inadequate.

But the real impetus for change came when their existing system supplier announced that they would no longer support the Hercules business management software.

Simply put, Hercules needed to change their system. There was no alternative.

## The Solution

Clients First was introduced to Hercules by a trusted financial advisor, who was an independent third party and familiar with their track record and capabilities. Clients First's primary order of business was to gain an understanding of the Hercules business, and conduct a thorough needs analysis.

Their recommendation was to deploy a customized Microsoft Dynamics NAV solution that had proven strengths in a specialty manufacturing environment and that could be adapted to Hercules' specific and unique business requirements.

The solution tied together all the elements needed to deliver full control of the manufacturing process, from coordinating, sourcing, and purchasing all required inputs, to shop floor process control, through to inventory management. It also allowed for rigorous management of all payables and receivables, full resource planning and coordination, and the ability to deliver accurate sales forecasts, as well as to analyze and anticipate broad demand trends.

Further functionality will soon be added that incorporates state-of-the-art bar coding capabilities. This will tighten inventory controls even further, greatly lessen the incidence of "stock-outs", and further reduce the costs of maintaining the inventory Hercules requires to operate its business.

## The Benefits

Perhaps the biggest benefit of the new solution is that of the reduced inventory levels now required, which result in lower carrying costs and a reduced working capital requirement. Hercules now is able to carry 15% less inventory than before, and this delivers to them as much as a 2% reduction in general and administrative costs.

But there are qualitative benefits as well. The Microsoft Dynamics NAV solution integrates seamlessly with the Hercules desktop environment, which means data can be moved effortlessly into either Word or Excel, removing the need for duplicate data entry for communication or analysis purposes. Finance, Sales, and Marketing have all gained a greatly increased analytical capability.

And last but by no means least, materials procurement and manufacturing scheduling and planning are now far more efficient and robust, thanks to standard Microsoft Dynamics NAV functionality.

## In Summary

Len Ruvolo, CFO at Hercules Chemical, sums things up this way:

*“Clients First does not try to shoehorn solutions into your business, whether they’re the right ones or not. They are professionals and consultants first, and they don’t shortcut the upfront analysis. They analyze the situation first, and find a solution that fits.”*