

## Building on a Partnership of Trust

### Business Drivers

- Improve production visibility
- Integrate data seamlessly
- Reduce errors and protect profit margins

Carolina Pad is a leading designer, developer, and distributor, of fashion forward school, office, and arts and crafts supplies. The company's trendy product line can be found at mass market retailers such as Target, Walmart, and Staples, as well as drug, grocery, craft, and other general merchandise stores.

Over the past several years, Carolina Pad has expanded its product line and its global distribution network in North America, Europe, and Mexico. As a result, the company has experienced steady growth – increasing its revenue more than 30 percent despite a sagging economy.

With 50 supplier factories in China, Vietnam and India, Carolina Pad's Hong Kong office struggled to maintain current production schedules and activity on all their purchase orders. Over the years, lack of visibility into production activities resulted in missed shipments, production errors, and lost profits. As a stop gap, the company's Hong Kong office created a separate home grown system to track production data, product specs, and other information. But the system wasn't fail safe. As a result, unexpected production delays continued, leaving retailer relationships, and profitability, at risk.

In the summer of 2010, Carolina Pad's Hong Kong team received word that a promised order for one of its most important customers would miss its ship window. This incident meant the company would have to expedite shipping via air freight to ensure product was received on time, and to avoid invoice deductions.

The unanticipated air freight charge cost the company millions of dollars. It was also the impetus to implement a new integrated solution that could provide visibility into supplier activities through its ERP solution partner, Apprise Software.

### Integrated Systems. Improved Processes.

Frank Crowley, MIS director at Carolina Pad, has a successful track record with technology implementations. So when Carolina Pad decided to scrap its home grown, Hong Kong-based system, he turned to Apprise Software for a reliable solution to the company's production monitoring problems.

"We've been working with Apprise Software since 2004. They've always taken a vested interest to make sure our company succeeds," said Crowley. "We've seen that with their knowledgeable support and professional service teams, and we knew the implementation of this solution would be no different. The fact that Apprise has an office in China was also a big asset for us."



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### Profile in Brief

- Trendy school, office and arts & crafts supplies
- Global distribution network
- More than 50 supplier factories in China, Vietnam and India
- Sells to Target and other mass market retailers, grocery, craft and general merchandise stores

## Business Impact

- Now has current, accurate and in sync production data with 50 manufacturing partners
- Improved visibility has minimised invoice deductions and improved profits
- Streamlined cash flow forecasting
- Over \$1 million in savings

## Integrated Systems. Improved Processes.

Crowley's requirement list included a system that could improve the stationery and craft leader's visibility into production activity, integrate data seamlessly into the companies PO, forecasting, accounting, and other modules, and eliminate the double key entry previously required in its home grown system. Crowley believed a successful implementation would improve manufacturing visibility, reduce errors, protect profit margins, and increase customer service levels to its mass merchant trading partners.

"Our home grown system required double key entry since the system wasn't integrated into our core Apprise application," said Crowley. "Not only was the

data keyed twice – once in Hong Kong and once in North America – but it was often unreliable or out of sync. Having a partner that already understood the consumer goods business, and our processes in particular, helped improve the speed of implementation as well as the integration of our key business requirements."

The consumer goods industry is fast paced and constantly evolving. Long lead times mean that production data is often a moving target. Accurate data collection is a constant challenge and a business imperative.

"Our process for collecting data on 50 manufacturing partners was error prone and labour intensive," said Crowley. "It often took hundreds of emails between the factories and our offices to pin down production dates. Once dates were agreed upon, Hong Kong emailed the information to our North Carolina team, and North Carolina then communicated with customers." Any misstep in the process left room for error – particularly in the area of project follow through.

"Delays cost money," said Crowley. "There were times we didn't get notification about a production delay until three weeks before a shipment was due to sail. At that point it's too late to substitute a product or make other arrangements."

## Business Impact

In the first quarter of 2011, with the help of Sally Wang of Apprise Software's Nanjing office, the application went live. The new module – completely integrated with the company's Apprise ERP application – enables Carolina Pad to maintain current, accurate and in sync production data on all its manufacturing partners.

"The Supplier Production Monitoring application helps us contain unexpected costs from late shipments because we're notified earlier when production glitches occur. Visibility also helps us improve management, and eliminate chargebacks on early shipments too, by giving us more time to make alternative arrangements. Now we ask factories to hold our product longer, or arrange less costly storage."

Today, the company has one version of the truth that both Hong Kong and North Carolina team members can rely on to make business decisions.

"Production data can now be imported in minutes without sending dozens of emails back and forth," said Crowley. "Now, we have complete visibility in all our offices, so we can make better business decisions based on the same data. As an added benefit, our Hong Kong team now feels more integrated with the rest of the company."

Visibility into its partners' manufacturing activities has resulted in no last minute production surprises, and no missed ship windows – a welcome relief for all partners in the process. And alerts within the supplier production monitoring module notify Carolina Pad team members when a production status or promise date needs updating.

## Business Impact (continued)

“We needed a system we could have confidence in,” noted Crowley. “With Apprise Supplier Production Monitoring we aren’t reacting to problems anymore. Instead, we’re proactively managing our business. And we’re getting better and more accurate information than ever before.”

Among the features in Apprise Supplier Production Monitoring is workflow-based task assignment. Workflows are created via easy-to-use drag-and-drop tools. Those workflows are then launched by users to complete a specific series of tasks based on supplier, product, or customer rules. Users are alerted when a task is ready to be acted on, and tasks are available for view within the user’s task management screen.

Carolina Pad is also using alerts to schedule production inspections, and to notify users if a factory modifies a shipment window by a week or more.

Besides gaining improved visibility, Carolina Pad’s financial team is now able to use imported and integrated data from the Supplier Production Monitoring module to streamline its cash flow forecasting process.

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## Business Excellence

For Carolina Pad, business excellence can be measured by the positive relationships it enjoys with both its manufacturing and trading partners.

In fact, a second phase of the Supplier Production Monitoring project will include a supplier portal, where trusted manufacturing partners can update production data directly into Apprise. Phase II will also include the reengineering of processes to manage complex pallet orders. Today, Carolina Pad manages consolidated purchase orders manually. In Phase II, the company will tap into Apprise® Manufacturing to manage the shipment and consolidation of up to five different products from five separate factories, plus labour, to streamline the order process on pallet orders.

“Our Apprise Supplier Production Monitoring module helps us improve relationships with our manufacturing and retailer trading partners,” said Crowley. “The results have been more than I expected. Our users have embraced the system, and for the first time, Hong Kong now has visibility into all the same business data as the rest of the organisation.

“With the help of Apprise Software, we’ve reached the goals we set out to accomplish. Now we have manufacturing visibility, we have fewer production errors, which helps protect our profit margins, and we’re providing better customer service, too. Instead of spending millions of dollars expediting rush shipments, we’re saving millions and creating better ways to do business, which allows us to create real value for our customers.”



### Worldwide Headquarters

Apprise Software  
3101 Emrick Boulevard  
Suite 301  
Bethlehem, PA 18020  
Tel: +1 610-991-3900  
www.apprise.com

### Asia

Apprise Software Pty Ltd  
6009 Changjiang Science Building  
40 Nanchang Road  
Nanjing, China 210037  
Tel: +86 (25) 8345-5308  
www.apprise.com.cn/en

### Global Locations

Brno, Czech Republic  
Melbourne, Australia  
Nanjing, China  
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