



## Microsoft Dynamics Customer Solution Case Study



FRESH HANDMADE COSMETICS

### Overview

**Country or Region:** Canada

**Industry:** Retail

### Customer Profile

Higher-end, environmentally conscious cosmetics sold through 100 stores in the USA and Canada have been the hallmark of LUSH Fresh Handmade Cosmetics since 1995. Worldwide, the company has 510 stores.

### Business Situation

LUSH had evolved a potpourri of five databases and two POS systems. Month-end closings were slow and error-filled. Staff manually collated and reconciled all stores' data. And store managers had to key in each price change.

### Solution

Microsoft Dynamics™ Retail Management System was selected for its adaptability to LUSH's evolving needs. Tri-City Retail Systems helped plan and roll out the network in sensible, rapid-fire stages.

### Benefits

- All Canadian and U.S. retail data resides in one continually updated database
- 100 hours per month saved in staff time
- Month-end closes in a day, not weeks
- Retail data slides into legacy accounting and manufacturing solutions
- Store managers freed from system tasks to pursue marketing



## Hundred-Store Cosmetics Chain Smoothly Applies New Retail System in USA and Canada

“I’d estimate we save 100 hours per month in month-end processes. Sales polling and stock tracking—once huge tasks—now just happen automatically.”

Mike Coulter, IT Director, LUSH Fresh Handmade Cosmetics

When LUSH Fresh Handmade Cosmetics tallied the pain from two disparate POS systems and five databases covering a hundred stores in the United States and Canada, the mandate for system-wide conversion was clear. Corporate staff spent hours manually polling, normalizing, collating, and verifying store data. Month-end closings took weeks. Store managers had to know their system’s quirks and update stock changes by hand. Microsoft Dynamics™ Retail Management System offered a solution that could expand with the chain, yet flex as business demands evolved. Tri-City Retail Systems’ experience installing and integrating this Microsoft® solution into chain stores helped ensure fast, systematic rollout. Today, a central database and strong reporting tools help complete once-tedious chores, monthly closings take a day, and store managers see automated daily updates on their screens each morning.



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Luscious LUSH gift baskets impress everyone.



## Situation

LUSH Fresh Handmade Cosmetics, based in Vancouver, British Columbia, works to preserve the environment as it flourishes financially. LUSH’s 1,200 employees manufacture, distribute, and sell 350 SKUs of personal care items including bath, body, hair care, skincare, and gifts. By the end of 2007, they sold through 180 lanes in nearly 100 stores in street-front, mall, and airport locations, through print catalogs, mail order, and online ordering. Expansion plans for 2008 include boutiques within USA-based Macy’s Department Stores, and possibly Bloomingdales Department Stores.

LUSH strives for natural and vegan products, made in smaller lots, without animal testing, and sold in minimalist, reusable, or recyclable containers disclosing all ingredients. The company’s value proposition is, “We believe that our products should be good value, that we make a profit, and that the customer is always right.”

But trying to uphold this proposition with obsolete retail technology, Linux infrastructure, and inefficient procedures drained human and financial resources. LUSH needed a retail makeover and a stable base upon which the business could grow.

“At the store level, we had eight versions of two antiquated point-of-sale systems,” says Mike Coulter, IT Director. “One held transaction data without line-item totals; the other had our extended line-item pricing. We maintained five databases, five sets of SKUs and prices, and five comm methods. We dealt with U.S. and Canadian currency conversions and had separate pricing for retail, mail order, and online. One system measured items sold by weight in grams, another in 100-gram units, and the U.S. systems didn’t support French, and measured in pounds.”

“As we grew, getting timely and accurate chainwide data became increasingly difficult. We had to manually poll each shop’s transactions, check for accuracy, normalize quantities, units, and transaction totals, and then create a single large table. The process was not reliable because we weren’t certain whether a store’s records were complete, which stores had reported which days, or even if all stores had reported. Without central system admin, managers had to manually run processes to update products or prices—which didn’t always happen.

“Typically,” concludes Coulter, “it was the tenth or twelfth of the month before we had a clue about last month’s sales. Forget about knowing daily information or having insight into shop systems or their potential issues.”

## Solution

“We inspected about a dozen systems and seriously considered three,” Coulter says. “We tested one in six sites but it required double maintenance of U.S. and Canadian data structures. Another came from a small vendor with no large reference sites.”

LUSH’s IT and management teams chose Microsoft Dynamics™ Retail Management System (RMS) business software.

“Microsoft’s retail solutions satisfied our lengthy requirements list and came highly recommended for flexibility, breadth, and scalability. As ours was a very ambitious conversion, the expertise and resourcefulness of Tri-City Retail Systems was very reassuring. We also knew that this retail solution would last in the marketplace,” says Coulter. Tri-City Retail specializes in Microsoft® solutions for multi-store POS and retail system integration.

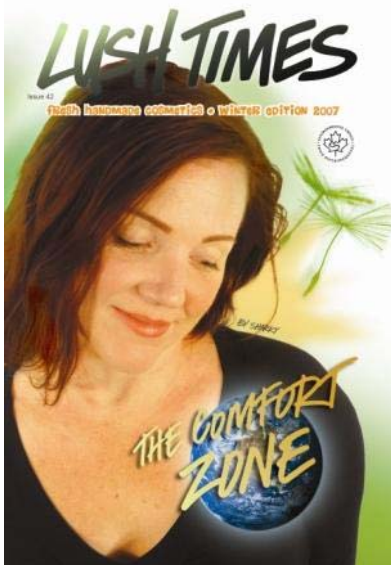
### Chainwide Rollout in Two Countries

“To help LUSH smoothly install Microsoft Dynamics RMS chainwide, Tri-City Retail

“Having a single, detailed, continuously updated, company-wide database has resolved scores of time-draining problems—at our stores, at headquarters, and in every department that uses the solution.”

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Catalog orders are entered into Microsoft Dynamics RMS where they integrate into enterprise totals.



formulated a two-stage rollout plan and assigned project manager Heidi Stieh as LUSH’s go-to person. In Vancouver, Stieh helped roll out the first two stores; then helped with four in Toronto. The conversion entailed a move to TD Merchant Services in Canada, Bank of America Merchant Services in the USA, and integrating Givex gift cards across all locations.

“Tri-City Retail saw it through to fruition. I learned a tremendous amount watching them overcome the hurdles of this massive implementation,” Coulter says. “The early weeks of rollout produced very long days, but their people showed a no-quit attitude until all systems were live and all staff trained.

“We remotely deployed the remaining 60 sites in January 2007 and were fully live by February,” says Coulter. A typical setup is two POS tills per location with one running the database. LUSH uses consumer-class broadband with a security router configured for VPN connectivity and “failover” capability that dials out if the high-speed trunk is down.

#### Adapting to New Power

“The basic POS is very intuitive and requires little or no training,” reports Coulter. “But Tri-City Retail went a step further, creating a customized training manual and store-level, Web-based phone training.” LUSH’s IT department soon took over remote training, Coulter says. “We developed a chaptered curriculum and trained about a thousand staff and management in a series of Web sessions.”

Coulter admits the new capabilities—and tighter procedures—generated some culture shock. Formally tracking inventory, running proper reports, and communicating among all stores gave employees new disciplines to learn along with their new speed.

“But clean information makes our reports clean and quick to run. They take almost no

training, and are easy to tailor,” Coulter says. “We empower certain store staff to run *ad hoc* reports, yet the security modules ensure they don’t see beyond limits we set. Finance and manufacturing run reports extensively, and we can alternate with Crystal Reports for exception reporting.”

#### Integration with Other Software

Microsoft Dynamics RMS Store Operations tracks individual store sales, demographics, inventory, and purchasing, and then sends data to Microsoft Dynamics RMS Headquarters in Vancouver. This top-level central solution enables chainwide overviews, drill-downs, and filtering for reporting by region, store, department, and other criteria. It enables executive control of pricing, inventory, and sales events by equally broad criteria.

Coulter reports, “Scheduled scripts capture transaction records and purchase-order details and create files for our financial system (Sage Accpac) and our manufacturing system (QAD Manufacturing Pro). That once-awful, manual, redundant, error-prone process is nearly fully automated, and we are fast-tracking a plan to push our Web sales into Microsoft Dynamics RMS tables.”

LUSH now enjoys integrated reporting with its Web system for consolidated month-end reporting, integrated journaling through to its financial system, and integrated product ordering from POS through to its manufacturing system. In addition to serving store and IT staff, the new solution serves eight employees in finance, six in distribution, two in marketing, and one trainer. Further, using the new solution, IT staff provides remote support to all stores.

#### Benefits

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resolved scores of time-draining problems—at our stores, at headquarters, and in every department that uses the solution. Microsoft Dynamics RMS has satisfied all our requirements,” says Coulter.

“I’d estimate we save 100 hours per month in month-end processes. Sales polling and stock tracking—once huge tasks—now just happen. We’ve eliminated collecting, normalizing, and consolidating information. That was a massive data entry burden for many staff.

“Having one chainwide POS means store managers don’t have to be the on-site expert in their version of the system. That entire administrative burden moved to IT where it belongs—and where it’s easy. Stock and price updates, once a chore for each manager, now just appear on their systems.”

#### **Faster Closing, Faster Response**

Coulter says, “Month-end reports now take one day to send to finance, versus two weeks. Having sales data automatically available at headquarters each morning provides us many benefits we’d previously missed. Finance can better manage cash flow and make better business decisions. Manufacturing has better insight into upcoming production quotas. Store managers see their metrics across all regions. And showing every shop’s daily sales ranking sparks competition and drives sales.

and efficient, and staff feedback has been extremely positive.

#### **More Growth Ahead**

The logical database structure of Microsoft Dynamics RMS enabled Coulter to start experimenting towards a retail capital asset tracking system within Microsoft Dynamics RMS Headquarters. “The nature of its item hierarchy, departments, and categories allow me to create a hardware hierarchy, allocate it, and track it to all shops,” he says. “We plan to leverage Business Intelligence and Analysis Services in Microsoft SQL Server® 2005 to give management even more access to retail metrics. I’m confident these new efficiencies will enable us to support more and more stores without hiring more IT staff.

“We’ll always have Tri-City Retail for support. They’ve created a great working relationship and high trust. We get fast response to questions by phone or by email, even on weekends. Their support is so clear and succinct that 20 minutes from Tri-City Retail equals three to four hours of usual support. That’s cost-effective!”

#### **“To Do What We Did...”**

Coulter offers advice to other chains contemplating large-scale conversions: “Select an experienced, hands-on vendor like Tri-City Retail. And then plan, plan, plan.

“It’s tempting to neglect staff education, but don’t. The logic of Microsoft Dynamics RMS made staff think they didn’t need training. We required it to enforce standard procedures and the handling of odd situations.

“Always roll out in stages. For the first 30 to 60 days, we implemented just the POS before going ‘live’ with inventory management. This helped us tremendously. We learned a lot, standardized early, and didn’t have to backtrack.”

A front-page ad from LUSH’s Web site leads visitors to purchases, a product forum, or customer reviews. Web sales will soon download into the main database.



“We’ve gained real-time inventory management—something we’ve never had. Because we manufacture our own products, knowing timely and true stock levels saves us money along our entire supply line, from ordering raw materials to wisely distributing finished products around the chain.

“Microsoft Dynamics RMS has greatly improved staff’s perception of our organization. We’re more professional

## For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: [www.microsoft.com](http://www.microsoft.com)

For more information about LUSH Fresh Handmade Cosmetics products and services, (888) 733-5874 or visit the Web site at: [www.lush.com](http://www.lush.com)

For more information about Tri-City Retail Systems, call (877) 877-4767 or visit the Web site at: [www.tricityretail.com](http://www.tricityretail.com)

## Microsoft Dynamics Retail Management System

Microsoft Dynamics Retail Management System (RMS) offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale (POS), customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Dynamics RMS is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Dynamics RMS has the flexibility and scalability to grow with a retailer's business. It works with the Microsoft Office System, Microsoft Windows Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

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

### Software and Services

- Windows Server® 2003
- Windows® XP Pro SP2
- Microsoft SQL Server 2005
- Microsoft Dynamics Retail Management System Store Operations
- Microsoft Dynamics Retail Management System Headquarters

### Hardware

- Dell PowerEdge 2950 server
- Dell 745 POS bundles with small-form PC, 17" LCD, hand scanner, Epson TM-T88iv receipt printer, and cash drawer
- Netopia 4686-XL Ethernet broadband routers
- Fortinet FortiGate security appliances

### Partners

- Tri-City Retail Systems, Inc.