

VANGUARD SYSTEMS AND MICHELL SEED
HARVESTING EFFICIENCY





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VANGUARD'S DOCUMENT TECHNOLOGY PRODUCES PROFITABLE GROWTH

Can a 110-year-old company under fourth-generation leadership switch computing platforms, overturn business processes, and significantly increase sales with no growth in staff? If that company is the Henry F. Michell Company (www.michells.com), the upscale seed and plant wholesaler, the answer is an emphatic "Yes!" The company freed itself from information-processing traditions and installed new concepts in software and e-business that are paying big dividends. In terms of technology, Michell's is getting younger.

e-Commerce Comes Into Bloom

Now Michell's is charging into business-to-business (B2B) e-commerce. First they empowered the outside sales staff to enter orders and order adjustments directly into the computer system and, now, they encourage customers to use the Worldwide Web to enter orders and track progress through a browser. Along the way, Michell's took the strain off internal order entry clerks and computerized the remaining staff that was still paper-based.

Michell's business partner in this rapid evolution is Vanguard Systems (www.vansystems.com) and its president, Dave Engberg. This Philadelphia-based midrange integrator and software developer helped Michell's build infrastructure for almost two years so that applications could be installed and go online in a matter of weeks, if not days. "Michell's has improved all of its most critical areas through improved technology, and it hasn't been without planning," notes Engberg. "Because they so meticulously laid the groundwork, their recent successes have been sudden and significant."

"Profits have benefited from the new system... now it is a dynamic part of doing business. And it has had a positive effect on service in terms of accessing information more quickly, providing customers with answers, and coordinating vendors."

In 1998, Rick Michell hired a new IT director, Mike Vogin, who convinced Michell's management that the company could better achieve its IT vision in the iSeries 400 environment than in the then current Unix system. That vision included:

- **Eliminating Y2K issues.**
- **Preparing for growth by improving technology instead of enlarging staff.**
- **Improving customer and vendor relations by increasing support for the sales force.**
- **Setting a long-term plan to implement Internet business-to-business solutions.**
- **Engaging Vanguard Systems to develop and implement a technology strategy.**

This last was key because Vanguard understood the need for a firm foundation. Vanguard built the infrastructure based on the IBM iSeries 400, Vormittag Associates' System 2000 ERP software, and assorted plug-ins like Domino/Lotus Notes®, Fax/400 from American Presence. Laying the groundwork enabled the rapid installation of new applications and WEB services.

For example, one of the goals for Michell's website was customer access to a Company Events Calendar. **"We could have spent three months on the calendar," notes Greg Cucchi, manager of professional services at Vanguard, "but having taken the time to carefully prepare Domino, we installed a turnkey system in a day. We did the foundation correctly, and now building on top of it is easy and successful."**

Although Michell's sells in fourteen product categories and is best known for its high-quality and unusual seeds, the greatest gains have come from being the sole United States source for Bodger Botanicals. A burgeoning and increasingly sophisticated gardening market demands increasing volumes of Bodger exclusives like yellow impatiens and heat-resistant fuchsias. Bodger Botanicals represents a stock of unique varieties newly introduced to the North American horticultural market. Without the automation, Michell's would have been unable to keep up with the growing business except by seriously enlarging the staff.

Order maintenance was a major issue with Michell's sales department because it was so labor intensive. "Order maintenance has to do with availability," explains Rick Michell. "There can be four to five months between order placement and shipment, and a lot of things can intervene: weather, insects, fungus, diseases, and availability." Dealing with changes and substitutions required a Herculean customer service effort. If a particular species becomes unavailable, customer service can

substitute an alternative variety and automatically inform the customer via the WEB, e-mail or fax. They report high satisfaction with the system.

Technology, including customer self-service, dramatically changes the role of the sales representative. Tom Parry, who represents Michell's in northern Ohio, explains, "We had a totally paper-oriented order entry, from handwriting to fax or mail.



"Data entry people at headquarters would hand code and price all orders and then enter the data. It started to change in 1998, when a few of us started trying automated data entry. I took a laptop into the field, dialed headquarters, and the order was printed and pre-coded, although the data still had to be manually entered. Now we have totally direct order entry through the Internet or direct access to the server.

"I expect to expand my customer base and have less maintenance," continues Parry. "I'll be more of a consultant. [The website] will make order entry much simpler and easier for customers. It will automate routine orders, freeing me up to do more selling. Re-booking is mindless, but it takes a lot of time. If I can save that time, I can really sell."

Reaping the Benefits of Automation

The results have been dramatic. The rate of sales growth in the last two years has doubled that of the previous four years. Sales for the last fiscal year grew by 20 percent. And all of this has come with no increase in staff.

The contributors to this growth are varied, but they largely come back to automation. Seed-counting machines have helped in the warehouse, but in the offices, the automation has been driven by the iSeries 400, VAI's System 2000 ERP software and Vanguard Systems. The results include:

- **Improved reliability and integrity of information.**
- **Improved format for delivery of information with application integration.**
- **Increased throughput of orders.**
- **Improved inventory controls.**
- **Improved account credit authorization and approval of orders.**

For Michell's, this means that customers get a security code that allows them to check inventory. When they place an order, that order goes into the IT system which checks credit, confirms availability, acknowledges the order, ships what is available, and enters back orders. The acknowledgement can be e-mailed, faxed, or posted. Billing occurs automatically as soon as an order is shipped. The charge information is routed to Accounts Receivable where the customer's account is updated.

Before automation, the order-entry process took a day and a half. Now it takes a few minutes, and, since it happens with a minimum of human intervention, the staff is handling many more orders in the same amount of time. "Profits have benefited from the new system," reveals Rick Michell, "even though IT has become a constant expense. It was just a project, but now it is a dynamic part of doing business. And it has had a positive effect on service in terms of accessing information more quickly, providing customers with answers, and coordinating with vendors."

The next project is the IMS/21[®] document imaging system from Vanguard Systems. An imaging system will install quickly with a minimum of disruption because Michell's has installed the infrastructure to support it. The cost-justification is there from day one, when compared to physical construction.

Vanguard specializes in iSeries 400 software systems. Vanguard sells across the United States directly and through resellers. It resells products from several major manufacturers, and it adds its own document imaging software to the mix. "The Internet has oriented people a lot to the concepts and vocabulary of imaging," explains Engberg. "The large file size of images, and even the large size of monitors are more acceptable now. The comfort level has risen tremendously."

Vanguard's software capitalizes on the iSeries 400's partitioned servers delivering to a variety of subsystems and Windows/NT[®] clients. The reliability and flexibility are impressive.

Michell's took a leap of faith when they embarked on their journey into technology. They chose a powerful platform and a talented integrator. They chose proven products that were appropriate for their goal. They proceeded deliberately, laying the foundation before building their system. And they have reaped the rewards: higher profits, happier staff, and growing market share. Michell's has made technology updates a way of life, and that has proved a most successful strategy. At age 110, Michell's is getting younger.



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