

# BREAKING BARRIERS

WHEN YOU DON'T PLAN TO BE MIDSIZE FOREVER, WHAT'S THE RIGHT TECH STRATEGY?

BY ANN C. LOGUE

It's a big world out there. Midsize companies might be agile and creative, but they have to deal with big customers and big suppliers that have high expectations for technical capabilities—and employees with high expectations for the technological sophistication of their employers. The companies that are succeeding in this highly competitive market are the ones that base their innovative ideas on a complete enterprise resource planning (ERP) system, and become more nimble and grow faster than you ever imagined.

That's what midsize Oracle customers, selling items as diverse as baseball cleats, snow shovels, and ultrawideband wireless connectivity solutions, have discovered. Mizuno USA, Garant, and WiQuest Communications have at least three things in common: their customers and competitors are often much larger, they are growing much faster than their industry peers, and they use Oracle information systems to support fast growth in crowded markets. These companies are managing supply chains that span the globe—integrating acquisitions painlessly and giving their customers the service and information they expect.

“Oracle Applications aren't just for big companies; they are for companies of all sizes,” says Jeff Abbott, vice president of Global Accelerate Strategy and Programs division, Oracle. “We are aligning Oracle's proven applications and rapid implementation tools with our partners' industry solutions and packaging them up for midsize businesses.” Although the company is best known for products that manage enormous government and corporate IT systems, that same expertise is being used by thousands of midsize companies with their own database and applications needs.



Keith Neely, Vice President of Information Technology and Customer Support at Mizuno



## MIZUNO: HITTING THE BALL OUT OF THE PARK

Mizuno USA, based in Norcross, Georgia, might have a big parent company in Japan, but it operates independently in the United States with just 300 employees generating US\$180 million in annual revenue. It sells equipment for golf, baseball, softball, volleyball, and running, and its challenge was to grow the business while maintaining high levels of service.

Mizuno implemented JD Edwards (now part of Oracle) in 1998 to replace a legacy ERP system. The company went with a major vendor to meet its specific order and inventory management requirements: experienced golfers want custom clubs, and Mizuno offers custom club configurations built from its inventory of standard parts. Mizuno buyers can choose the length, shaft, lie, loft, and grip for their clubs, and JD Edwards offered a configurator solution that made this possible.

“At that time, we had had the No. 1 iron on the PGA tour for eight years in a row, so we were really trying to find a sustainable point of differentiation from our competitors, especially in the high-end golf market,” says Keith Neely, vice president of information

technology and customer support, Mizuno. “What appealed most to us about the JD Edwards EnterpriseOne application was the product configurator [JD Edwards EnterpriseOne Configurator]. This tool allowed us to take our product specifications along with the knowledge necessary to assemble specific club makeups, and build it into the software,” he says. “Prior to using the configurator, this information existed only on paper and in the minds of our highly experienced shop floor personnel. Now, at the point of order entry, we can tell a customer whether we can personalize a set of irons in order to meet their specifications. We now know whether a particular loft and lie combination can support the head weight of a specific driver. The configurator solution was key to our go-live, and at that particular time, we didn’t see any other ERP applications that had the flexibility of the JD Edwards solution.”

The configurator solution is a great example of why Mizuno has captured so much value from its information systems investment: the operating units are heavily involved in designing and using the systems. “Most of the work we’re doing is with the business itself,” says Bill Franklin, vice president of planning and development at CSS International, in Charleston, South Carolina, which worked with Mizuno on the implementation. Every feature is something that Mizuno wants and needs to run its operation better, not something pushed down from on high.

But although the business units drove the system design,

Mizuno’s management realized that the Oracle system was designed to fit best practices in business operations. It decided to use the base applications as a guide to organize its administrative functions. Where the company differed, it had a choice: it could continue with its current practices and customize the Oracle system, or it could see if the system’s built-in best practices made more sense to follow. “Our system is 95 percent pristine,” Neely says. “We brought standardization to the front end of the business,” and that allowed the company to increase its efficiencies while growing revenues.

Limiting customization also makes upgrades simpler, and Neely’s team uses Oracle’s Entity Relationship Compare tools to help. “Those tools are amazing, and they are part of the core software now,” he says.

Mizuno also standardized processes among its four business units. By integrating order entry, inventory management, purchasing, and accounting, Mizuno saw efficiencies right from the start. “From an operations perspective, an item is an item is an item,” Neely explains. “We need to price it, pick it, pack it, and ship it no matter if it is used by a softball player or a runner. One of

our goals was to standardize item setup across business units in order to make it easy for the distribution staff to handle shipment and for the customer service team to handle inquiries.”

Mizuno realized even greater efficiencies around cross-functional processes. “Analyzing the points of integration within the system, or the ‘handoffs,’ forced the operations departments to talk to each other,” Neely says. For example, if a salesperson overrides a price at order entry, the accounting department is notified right away, which eliminates the need to wrap up loose ends at the end of the accounting period. “That’s what led to the majority of our savings,” he says.

The leverage has been tremendous. Since completing the Oracle conversion in 2000, Mizuno has gone from 220 employees to 340 and from US\$77 million in revenue to US\$180 million. The order cycle has been cut from seven days to two. Receivable days sales outstanding (or DSOs) have gone down 20 percent, because Mizuno can price and invoice correctly. The call center staff has remained steady at 16 people, because they can answer more calls more quickly and more accurately. The company’s total IT staff has just 11 people, only 4 of whom are dedicated to Oracle support.

Neely encourages staffers to participate in users groups, including the Quest International Users Group. As a result, “We have a network of business process owners from around the company,” he says, and it is the businesspeople, in addition to

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Mizuno USA

the IT staff, who attend the annual Quest and Oracle users group conferences. That way, they can ensure that the system meets their needs. He also says that having a sophisticated IT system helps Mizuno recruit employees with big company experience. It assures them that, regardless of Mizuno's size, it's committed to growth.

**GARANT: SELLING SNOW SHOVELS IN THE YUKON**

Garant, based in Saint-François, Québec, dominates the Canadian market for snow shovels and garden tools. But a highly seasonal business is unforgiving. If a storm is predicted in one part of the country, customers will order large volumes of shovels and expect to receive them quickly. If the spring is warmer than usual, then people will start yard work sooner, and they'll want to find the right tools when they walk into their local hardware store. For Garant, missing a delivery window by even a day means missing sales and conceding market share to someone else. "We don't get a second chance," says Christian Lebeuf, IT director, Garant.

By 2004, the company was looking at an unstable, 20-year-old legacy ERP system. At the same time, Canadian hardware chains such as Rona (670 stores), Canadian Tire (455 stores), and Home Depot (157 stores) were expecting their partners to adhere to more-rigid compliance regulations and demanding stronger IT interfaces and faster turnaround times. Meanwhile, to expand their business opportunities, Garant wanted to do more business with food and drug retailers, which have even more-stringent IT and compliance regulations than hardware stores.

With 80 percent market share in its current businesses, Garant had to find new markets, new businesses, and ruthless efficiencies if it was going to grow, but the old ERP system held the company back. Garant's system couldn't handle different currencies, nor could it handle business from different divisions within the company. This hampered the company's ability to make acquisitions, develop new businesses, and import and export goods. It needed advanced IT to support its growth strategy. "If you don't have a strategy to drive business growth, the IT system won't do it for you," Lebeuf says.

After much deliberation, the company turned to Oracle. "We were really scared about Oracle at first. We thought that it might

**>>SNAPSHOTS**

**Mizuno USA**  
[www.mizunousa.com](http://www.mizunousa.com)

**Location:** Norcross, Georgia

**Employees:** 300

**Oracle products and services:** JD Edwards EnterpriseOne, including Financials, Sales Order Management, Purchase Order Management, Inventory, Configurator, Advanced Warehouse/Transportation, and Human Capital Management

**Other products and services:**

Consulting services from CSS International

**Garant**  
[www.garant.com](http://www.garant.com)

**Location:** Saint-François, Québec

**Employees:** 300

**Oracle products and services:** Oracle E-Business Suite, including Financials, Procurement, Inventory, and Order Management

**Other products and services:**

Consulting services from CGI Québec

**WiQuest Communications**  
[www.wiquest.com](http://www.wiquest.com)

**Location:** Allen, Texas

**Employees:** 90

**Oracle products and services:** Oracle E-Business Suite 11i, including General Ledger, Accounts Receivable, Accounts Payable, Order Management, Purchasing, Discrete Manufacturing, and TeleSales

**Other products and services:**

Consulting services from DAZ Systems

be too big a solution for us. But it's not," Lebeuf says. Garant started the implementation in October 2005, and it was completed in July 2006. "The whole thing was a very big success," says Lebeuf, who has just four people on his IT team.

The company has already seen benefits in its ability to better manage both its inventory and overall customer service levels. "We want to provide customers with the perfect order—the right product at the right time and the right price," says Lebeuf. "That's the main advantage that the right IT solution can provide." For example, Garant can now handle high volumes and faster order cycle times without resorting to manual processes. The order entry department and shipping department share a single integrated Oracle system, so each department can share accurate information. And, unlike the legacy system, the Oracle installation is highly stable, with a recovery plan in place. "The old system was really at risk," Lebeuf explains. "If we had a major crash, the party was over."

Garant's users were comfortable with the old system, so there was some adjustment to the new one. To help in that process, many company employees have become active in Oracle users groups. "People are discovering what they can do with Oracle, and that's nice," Lebeuf says. And, the company has been able to move ahead on its corporate growth strategy. "We can start approaching acquisitions and move into other markets now." Something that was impossible just a few years ago.

**WIQUEST COMMUNICATIONS: TAKING ON THE BIG GUYS**

WiQuest Communications, of Allen, Texas, is a startup company in the wireless semiconductor industry. It designs, develops, and supplies complete standards-based ultrawide-band solutions to PC, consumer electronics, and mobile systems companies worldwide. But it's not the only company working on this technology, and its competitors include large integrated device manufacturers and fabless semiconductor companies. That's why WiQuest uses the same IT system that its largest customers and competitors use. "Oracle is really important to our business. Most startups don't invest in integrated enterprise systems until they are much larger than we are," says Hari Chandran, vice president of manufacturing



operations, WiQuest. But WiQuest's investment in Oracle is strategic and a competitive differentiator that allows it to continue its aggressive growth and get to its target goal faster—without facing numerous transitions from a legacy system.

WiQuest needs to compete with the big guys at every step. The company keeps its design, engineering, and sales force in-house. The rest of the business, from manufacturing to packaging and distribution, is contracted out. This allows the company greater flexibility and an increased level of capabilities, but it also means that supply chain management is critical to success. “For us to piece all these things together in [Microsoft] Excel is a nightmare,” Chandran says. “Our entire business takes place on Oracle.”

In fact, WiQuest's management did start out using Microsoft Excel spreadsheets but realized very quickly that they wouldn't be able to keep up with rapid growth. Chandran, mindful of the financial requirements of a startup, evaluated various freeware applications and found none that were powerful enough to support the company's growth—nor could he find any that worked with partner and customer systems. “For semiconductors, if you have a multifactory flow with sales and customers in different continents, you need to have an integrated enterprise system in place,” Chandran says. WiQuest's management team started looking at small-business solutions but realized that as they competed against and sold to larger companies on their way to becoming large themselves, they needed to think bigger.

Founded in 2003, WiQuest was using Oracle by 2007. The implementation was handled by DAZ Systems, which leveraged the Oracle Business Accelerator tools to get WiQuest up and running quickly. “Customers often don't need a custom solution, but they do need one that works with their business and with any partners that they connect to,” says Keith Olcha, sales director for DAZ, in Dallas, Texas. “Many businesses not only do fine with a standard approach, but they benefit because of the shorter implementation time and the easier connection to manufacturers and distributors.”

One advantage of starting early in the company's lifecycle and leveraging the right set of implementation tools was that the complete implementation went quickly—only two months—because there wasn't much data to find and convert, and the company benefited from standardized business processes. “We stayed away from customization,” Chandran says. To the extent that any custom elements have been included in the system, it's been on the design end, where some computer-aided design tools are outside the Oracle system now, although

they will be integrated soon so that Oracle becomes the company's master system.

Managing the supply chain with Oracle software has three key benefits. WiQuest outsources the manufacturing of its wafers to fabricators in Asia that are used to dealing with major multinational corporations, including some of WiQuest's competitors. From a supply chain perspective, the Oracle interface helps put WiQuest on an even footing with those competitors and ensures that its projects have the same priority. Then, it ensures that WiQuest's customers, including three of the top four notebook PC original equipment manufacturers and the top two PC peripheral companies, will have their needs met. “Our customers like that we have a good system in place and can play in the same field as the big guys,” Chandran explains. Finally, the Oracle system helps WiQuest manage its expensive inventory. Effective inventory management leads to hard dollar savings that fund more research and development, making it possible for the company to continue to push the wireless

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future. “It's critical for us to have such a system so that we can keep up with our rapid growth,” says Chandran.

#### **GOING FROM ZERO TO 60—AND BEYOND**

Good IT can help midsize businesses maintain their culture, because it can allow them to have a bigger market reach without adding new employees and the attendant bureaucracy. These companies can focus on creative innovation while the IT system gets the information from place to place, without more meetings, more memos, or more managers.

One key to success, says CSS International's Franklin, is that companies know their business case before making the investment. Another is ensuring that all executives are on board with the decision. That's particularly important in a midsize company, where there are fewer executives in total, so they all need to buy in. “Software in and of itself has virtually no value,” he says. “It's all in how you use it.” <>

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