

# Franchiseinsight : Carpet Choice

Brought to you by Professional Advantage



## About Carpet Choice

Carpet Choice is one of Australia's most well known chain of floor covering retailers. It is a cooperative organisation, owned by members. The member stores own shares in Newfurn Floor Coverings Ltd, which operates the Carpet Choice cooperative. There are currently 135 members.

The Carpet Choice head office provides a centralised billing and reporting system to stores. It operates as a service oriented business, where members pay a monthly membership fee and various other support fees and levies. Any profits accumulated at year end are distributed back to members.

Carpet Choice was formed in 1993, when Newfurn Floor Coverings Ltd separated from Newfurn Furnishings Ltd, a cooperative of furniture stores originally formed in 1965.



FRANCHISE COUNCIL OF AUSTRALIA



### Industry:

Retail

### Company Profile:

Carpet Choice is one of Australia's best known chain of floor covering retailers.

### Scenario:

Carpet Choice found they had outgrown their existing system, which was also incompatible with their desire to automate and centralise more functions.

### Solution:

Microsoft Great Plains had the functionality required by Carpet Choice, with further customisations meeting specific franchise needs. Solution included automated invoicing, better reporting and analytics.

### Benefits:

- Central billing
- Better reporting back to members
- Central claims processing

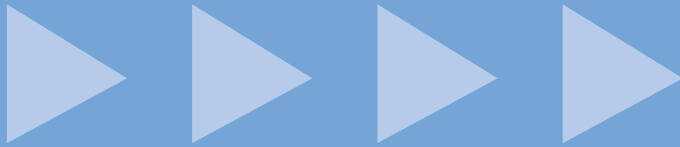
### Software:

Microsoft Great Plains

“ Despite the growth in the business, we've not had to increase the number of staff in the finance team. We've also been able to move our existing staff from data entry roles to customer service, creating a more fulfilling work environment. ”

Felix Lai, Chief Financial Officer  
Carpet Choice

Andrew Macready-Bryan and Peter Wied from Carpet Choice accept a "Customer Service Excellence" business project award from Derek Rippingale, Professional Advantage



## Growing pains of a franchise style operation

Carpet Choice is a cooperative organisation, but faces many of the same challenges and operational issues as a franchise. Franchise organisations looking for sustainable growth need efficient processes and systems in place to keep administration costs down. They also require access to information that can help improve performance across all current sites as well as the total business.

Carpet Choice was finding its existing proprietary Unix based system to be inflexible and resource intensive. It was also incompatible with Carpet Choice's desire to automate and centralise more functions. The needs of the business had outgrown the available functionality of the existing system.

In addition, like many franchises and franchise-like operations, Carpet Choice needed to make its organisation appealing to potential members. By being able to service members with a robust infrastructure that generates timely, easy to understand reports, Carpet Choice would be able to differentiate themselves from many other similar organisations.

## Solution & implementation

Carpet Choice moved to Great Plains in October 2001, and its solution has evolved over time to better suit the more specialised needs of the business. Carpet Choice worked with Professional Advantage to customise its Great Plains implementation to enable automated electronic invoicing, better reporting and analytics, and simplify the passing on of supplier rebates to member stores. Carpet Choice also developed a new claims processing system, so that member stores could complete claims online.

Like many software implementations, they had some teething problems along the way, partly due to the high number of customisations Carpet Choice required. However, Carpet Choice found that having the right implementation partner helped them overcome these issues in a timely manner.

"Professional Advantage was very helpful throughout the implementation and they continue to be a valued team of resources. Their team has very strong product knowledge and have always done their best to help with solutions to any problems we've had. We've also had a significant amount of training from Professional Advantage and believe that we have a good close working relationship," said Felix Lai, Carpet Choice's Chief Financial Officer.



“ The Great Plains system that Professional Advantage delivered for us has given us the functionality we currently need, as well as a solid platform for future needs and growth. ”

Felix Lai, Chief Financial Officer  
Carpet Choice

## Benefits

### Central billing, but distributed ordering

Carpet Choice member stores order stock directly from manufacturers; however the manufacturers charge the cooperative centrally at the head office. The head office in turn invoices the stores for these orders. The new system helped Carpet Choice automate the recharging for stock back to the stores and simplified the passing of rebates from suppliers to the member stores which are calculated on purchasing.

Lai estimates that approximately three or four days a week of man-hours are saved with the automated invoicing. In addition, Carpet Choice has been able to grow by 35% in the last four years, without needing more administrative resources.

Carpet Choice can also easily distribute costs for other central functions, such as marketing and advertising activities, by generating invoices for all 135 stores from a single data entry.

### Central claims processing

Carpet Choice has further enhanced the service it offers to members, developing a centralised claims processing system in 2004. When member stores need to return stock, they receive credit from the manufacturer, which can vary depending on the reason for return. Previously, making a claim was a highly manual and cumbersome process which created a massive paper trail. Carpet Choice regularly faced problems with data duplication and keeping track of claim status was a nightmare.

To overcome these issues, Carpet Choice worked with Professional Advantage to develop an online system using eConnect to automate data submission directly into Great Plains. Members now enter claims online, eliminating duplication and greatly simplifying the claims tracking process. Carpet Choice can now accurately track the progress of a claim at any point in time.

Since implementing the new online claims system, Carpet Choice has experienced a 40% reduction of outstanding claims, which obviously led to a massive improvement in cash flow. Not only member stores have recognised the benefits of the new claims processing system. Carpet Choice was also awarded a Business Improvement Award by Professional Advantage in 2004 for the system.

### Crystal clear vision

Carpet Choice has been able to improve its reporting back to member stores. Member stores can now be provided with reports which analyse purchasing patterns and rolling year trends in a graphical format. They also get one weekly statement detailing all transactions instead of many sheets of invoices. These reports help stores to better understand their businesses.

Carpet Choice finds these reports give prospective stores confidence when deciding whether to join the group. Lai said, "If this is their first time going into business, the sample reports don't mean much. But for people that have had other similar experiences through running an independent store or being part of a franchise, they recognise how valuable these reports are and know that not many groups provide this detailed level of reporting."

## The future

Carpet Choice is currently upgrading Great Plains to the latest version. As part of this upgrade, they are looking to make better use of available integration tools, such as eConnect. This will allow Carpet Choice to expand the functionality of its intranet services, automating many more of its member based processes. Carpet Choice is also developing more reports for member stores and investigating using Microsoft Reporting Services for on demand reporting for stores. They are currently researching the options for stores to be able to pull reports upon request from their intranet site.

## About Professional Advantage

Professional Advantage was established in 1989 and today employs around 200 people in Sydney, Melbourne, Brisbane, London and Fargo, USA. The company is the largest provider of international business systems to midsize organisations in Australia, supporting over 600 clients nationally. Professional Advantage supplies financial management, ERP, CRM, retail and business intelligence solutions to a broad range of industries. Their multi product offering is complemented by its development, systems integration, consulting, training, and support services.

The company's clients include medium to large public and private companies and government departments. The 2002 "AFR Boss Consulting" survey conducted by Fairfax Business Research rated Professional Advantage the highest in user satisfaction as well as the best value.

## Microsoft Franchise Solutions from Professional Advantage

Reporting & Analytics - Financial Management - Inventory Management & Web-based Requisitioning -  
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