Schwarzkopf Sharpens Its Style With Sage 500 ERP

Schwarzkopf has a "passion for hair." In 1898 Hans Schwarzkopf opened a small drugstore in Berlin, where he developed a powder shampoo sold in every drugstore in the city. In 1927, he introduced the world's first liquid shampoo and later opened the very first training center for hairdressers. He also created Onalkali, the world's first nonalkaline shampoo, which became the prototype for all modern shampoos.

Today Schwarzkopf offers a complete line of hair care products through salons in 80 countries. Its innovative care, color, styling, and perm products are developed through partnerships with professional hairdressers and can be admired on the high-fashion catwalks of London, Paris, Milan, and New York.

Beauty of a Well-Designed System

To handle its finances, Schwarzkopf used a mainframe system that was clumsy and hard to access. It conducted a thorough search of accounting packages, including some specially designed for the beauty industry, looking for industry-standard platforms and networked PC architecture. None could beat Sage 500 ERP* for ease of use, flexibility, and the potential for future enhancements.

"The Sage 500 ERP key function at Schwarzkopf lies in automating order processing," says Anthony Mashkovich, director of MIS. "From there, the system runs the entire business, supporting GL, payables, receivables, inventory, and purchasing. The overall improvements in speed have been unbelievable. With the legacy system, we had to type in complicated commands for everything. Now it's all point and click—and both of our companies are integrated into one seamless system."

Orders are entered directly into Sage 500 ERP, either at headquarters or by sales reps in the field using handheld wireless computers. "Sales reps can now enter orders at the customer site and submit them directly into Sage 500 ERP. All of this creates orders within minutes and is supported by a specially built system using CE devices, offline data entry, and a wireless Internet connection. We don't need a thousand-page manual on how to print out a sales order, and new people get up to speed quickly," says Ken Gates, customer service manager.

*Sage 500 ERP was named Sage ERP MAS 500 when Schwarzkopf, Inc. initially implemented this solution. The product names have been updated in this case study to reflect current naming.

Customer
Schwarzkopf, Inc.

Industry
Hair coloring and styling products

Location
Culver City, California

Number of Locations
Two

Number of Employees
75

System
Sage 500 ERP
- Accounts Payable
- Accounts Receivable
- eCustomer
- General Ledger
- Inventory Management
- Purchase Order
- Sales Order

Challenge
Cumbersome mainframe system created bottlenecks in order entry and processing, required excessive staff time, and hampered corporate growth.

Solution
Sage 500 ERP with financial and inventory management modules, plus integrated warehouse management system, bar coding, e-commerce, shipping, and an interface to handheld computers.

Results
Receiving turnaround slashed from four days to just two hours; order picking time reduced by 95 percent; shipping personnel needs cut in half.

Invoices are bar coded, so picking can be done straight from the invoice. Invoices are also tied into the shipping manifest system. "Previously, it took 90 seconds to process boxes for salons," Gates notes. "Now we scan an invoice, press a single key, and Sage 500 ERP generates the label in seconds. Because of the new system, we were able to cut our staffing needs in shipping by half."

Wireless Scanning in Warehouse

Similar efficiencies were achieved in the purchasing department, where one person handles the workload formerly done by 2 1/2 full-time employees. Turnaround time for processing inventory has gone from four days to just a few hours, thanks to smooth integration between Sage 500 ERP and the warehouse management system.

"When a shipment comes in, we used to create spreadsheets and fax out information," Gates explains. "With Sage 500 ERP and warehouse management system, the contents are checked in with wireless scanners as we take them off the truck. The system automatically creates batches and posts them within an hour. It doesn't matter which of our two companies the orders are for, since both use the same database—another great time and money savings."

Schwarzkopf is using the Sage 500 ERP eCustomer module to introduce online ordering to its customer base. "eCustomer is a terrific value," says Gates. "If we'd created our own e-commerce system from scratch, it would have been much more expensive, and we wouldn't have ended up with such an excellent product."

Mashkovich and Gates predict that Sage 500 ERP will support Schwarzkopf's needs for years to come without adding new staff, even if its current 20 percent annual growth rate continues.

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> Schwarzkopf, Inc.

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