

# Upgraded technology results in 2% increase in gross margin

For any business owner, there are light-bulb moments when decisions need to be made in order to move the business ahead. The decision may be to diversify the product line, move to an expanded headquarters, or the most daunting decision for many small business owners, the dreaded computer software conversion.

*"We were using the PICK operating system that had been in place for over 20 years. It addressed some needs, but we still did basically everything by hand,"*

states Tom Lyons, President of Lyons Electrical Supply Company in Dayton, Ohio, a third generation owned electrical supply and lighting showroom.

Together with his brother Ken and sister Jane Boston, the need to upgrade to a new computer software system became painfully evident. "Because of our size we realized we needed to get everything out of our heads and onto a system that could help us make everyday business decisions," Lyons explains.



## Finding a Match

Finding the right fit in computer software is the hardest yet most important factor in a successful conversion. According to Lyons, the company looked at several options including Eclipse and Activant.

An important element in daily operations for Lyons Electrical is its use of Trade Service's pricing and product data. When Lyons mentioned to the Trade Service rep that the company was looking for new software, they recommended DDI System. "He specifically mentioned the DDI System automated integration with Trade Service data and their strong customer service," Lyons remembers. "He really felt they would be a good fit for us."

The DDI System supports Trade Service's eDataFlex pricing and content files, then provides an easy to use, flexible price matrix and rebate management system. This enables companies to easily manage complex costing and selling prices. Additionally, the system simplifies deviated costs and reporting for vendors such as OSRAM Sylvania, Thomas and Betts, and others.

For Lyons Electrical, the match went further than just the software capabilities. They liked the concern of the field representative and the personal involvement of DDI System management. "We were impressed with the involvement from the top," states Lyons. "We felt DDI really understood our needs and really cared about us. A lot of the big guys didn't have that. We felt very comfortable that this was a good fit."



## CASE STUDY: Lyons Electrical Supply (continued)

### A Brighter World

Immediately after the completion of the one-week conversion, the office saw things in a whole new light. "DDI changed my life!" exclaims Lisa Triplett, purchasing agent for Lyons Electrical.

*"Before DDI was installed, all orders were handwritten. Our monthly inventory was done manually... handwritten and then entered into the system. We spent so much time shuffling paper. It's so easy now to follow the full order exactly, and the system automatically tells me when and what I need to order."*

Controller Connie Barnhart has also experienced brighter days following the DDI System conversion. "The sheer time savings is incredible. Just with the monthly financial statements.

It used to take 15 days to get everything finalized and now it is instantaneous." Barnhart adds she now has the flexibility to retrieve financial information in many different ways, including comparing month-to-month, end-of-year to previous end-of-year, and month-to-day.



Lyons agrees DDI System has streamlined all areas of the company. "All our operations are running more efficiently and more accurately," Lyons adds. "We can track anything. Everything is archived and can be retrieved instantaneously. Our pricing is consistent and prices are constantly updated. With the integration between Trade Service and DDI System, we can plan ahead for price increases and inventory is calculated within seconds."

Furthermore, all departments share the same information, which is vital to providing a high degree of customer service. With a few clicks of the mouse, the customer's complete history appears on the screen, which is critical if there is a credit hold on the account, or if the customer has a question about a particular order. Within seconds, customer service can tell the customer who signed for an order or why their credit is on hold.

### The Two Percentage Point Difference

The bottom line for many small businesses is weighing the cost of a software package with the returns it will generate. Initially, the expense can seem quite intimidating, however it helps when you can evaluate the investment versus the cost of keeping status quo.

*Lyons estimates that he would need one and a half to two employees at an annual salary of \$40,000 - \$50,000 each to accomplish the work of the DDI System. And, that cost does not account for the benefit of the DDI System accuracy and instantaneous retrieval of information.*

Additionally, the ability to interface so seamlessly with Trade Service is another profit enhancer. Lyons estimates that the company has increased its gross margins by approximately two percentage points since converting to the DDI System. And, he adds, "We've only used 40 to 50 percent of the system's capabilities."

With these types of results, imagine how brightly the Lyons Electrical accounting ledger will shine after another year or two of implementing DDI System's full capabilities.