

## Midrange Technology

# SHOWCASE

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## From Cigarettes to Celery, Farner-Bocken Delivers Convenience

BY TRACY DOELL

**REAL  
WORLD**

How does a family-owned wholesale distributor of convenience store merchandise make accounting procedures easier for the myriad of store managers who are responsible for not only stocking and pricing products but also maximizing the profits from each decision?

Farner-Bocken, a family-owned company serving midwestern restaurants, schools, and convenience stores with more than 12,000 products took the novel approach of listening to what its customers said. Then it gave them what they needed.

What those customers asked for was a self-serve business environment with faster access to corporate databases. Farner-Bocken's answer was to Web-enable the customer service department, making access to the company's data both quicker and easier.

Not only that, but Farner-Bocken deployed its business-to-business Web site ahead of schedule, under budget, and with the existing skill set. More than a small amount of credit

goes to mrc-Productivity Series from **michaels, ross & cole** (mrc).

Farner-Bocken uses multiple AS/400s to store and process its purchasing, distribution, inventory, billing, and customer information, and to calculate the complex pricing of its products. From the highly automated warehouse to the salesperson at the client location, all aspects of the company's business are stored on the AS/400. When Farner-Bocken moved its business to the Internet, it remained faithful to the AS/400 by serving its Web site from a Domino Web server. As John Perrin, IS director at Farner-Bocken, explained, "The AS/400 is hands-down the best, most stable, most cost-effective platform around. Our business is not restricted with the AS/400. We can drive our business without having to worry about reinvesting in hardware over and over again."

### Current and Accurate SRPs

The AS/400's strengths shine in the management of product pricing. The suggested retail price (SRP) of products is essential to retail account-

ing; inventory is valued and quantified by SRP, not cost. The SRP is calculated based on cost plus desired profit margin, then rounded to the nearest \$.05, \$.09, or \$.00. This aspect of convenience store product sales must be managed as efficiently and accurately as possible. Farner-Bocken manages the SRP of thousands of different products for its customers. Each customer could have varying profit margins and pricing models for the same products. Because of its data processing power and reliability, the AS/400 is the machine of choice. It easily handles the complex calculations of the convenience store industry.

Essential to retail merchandise distribution management is the maintenance of constantly changing SRPs. Any change in product cost or desired profit margin must be reflected in the product's SRP—the quicker the better. Farner-Bocken employed two full-time people to work with the store managers to maintain accurate and current SRPs of all products. As the convenience store industry evolved and broadened its product line, however, manual maintenance of this much information became unwieldy.

Store managers wanted to avoid delays in product pricing, and requested instant access to pricing data and sales figures. The system needed the capability to review individual stores as well as multiple stores, depending on the number of units an owner or manager controlled.

### The No-risk Solution

Farner-Bocken considered an Internet strategy for years, but was reluctant to take a risk with unproven technologies. Perrin said, "Our approach was different. We didn't move to the Internet just to become an e-commerce company. That's risky and expensive, and isn't in the best interest of the customer. A rash decision four years ago could be a very costly mistake by today. Our goal is always to do what's best for the profitability of the customer while providing the best service possible."

When software-development vendor mrc enhanced the rapid application development and report writing capabilities of the mrc-Productivity Series to include Web site creation and Web application development, Perrin took notice. "We have owned the mrc-Productivity Series for a number of years, and it was well-positioned within our company. We developed many of our business applications with it very cost-effectively, such as reports, drilldowns, and maintenance applications. Our end users were already using it to run reports and maintain files. Then along came mrc's Web development capabilities, and it made perfect sense for us to try them."

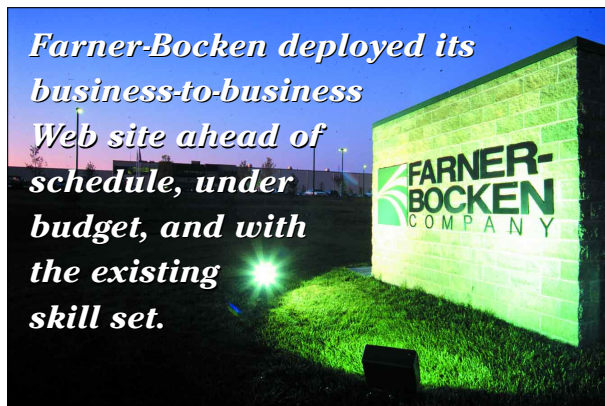
Farner-Bocken considered the cost of adding another programming language, such as Java, to be the greatest risk in its Internet strategy. The cost of training its existing staff or hiring additional staff was a substantial investment, and the future of new languages is unknown. "These languages are maturing as we speak. Java and XML are not like RPG, which has been around for a long time. I don't want to invest in the time and effort of programming these applications today, only to have to reprogram them again in two years when the technology changes," Perrin said. Perrin and two project leaders began developing Web applications right away. Their familiarity with the mrc-Productivity Series and the customers' business needs made it easy for them to build Java applications, HTML pages, and Web-based reports, without any manual

programming. Perrin said, "The beauty of building these applications with the mrc-Productivity Series is that I could use my strongest skills—knowledge of our core business and of the AS/400—to develop these Web applications, without learning the programming languages that they were built in."

### Customers Have Access

Farner-Bocken's e-business solution was quickly ready for customer use. The site contains a secure logon area; record-level security determined which records would be available to which customers. The cus-

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tommer is then presented with a wide range of selections from which they can choose, such as download spreadsheet data, manage SRP, view accounts payable summaries, and have the option to run various reports. The Web applications access live AS/400 data and provide store managers with instant access to their mission-critical data.

Customers can now maintain their own pricing, adjusting prices to maximize revenue. They can also access sales figures at their fingertips—a crucial plus in the convenience store world, where product manufacturers pay bonuses to the stores that move the most merchandise. Perrin said, "Product manufacturers visit the convenience stores to promote new products and to compete for prominent display space. When a store manager can prove that product sales are up, by running one of our reports during the representative's visit, the store is often rewarded by the manufacturer."

The results of its e-business solution have greatly transformed the way Farner-Bocken communicates with and serves its customers. Customer service representatives no longer run and mail hundreds of reports every day.

Convenience stores now access their mission-critical information instantly from any Web-enabled device. Access to invoice numbers, the number of days each invoice has been out, the amount due per invoice, and the total amount due is all available 24 hours a day and 7 days a week. The IS Department spends its valuable time resolving business issues—not learning new programming languages. Perrin said, "In three weeks, I created all the e-business applications I needed to launch our site. Through traditional methods, they'd have taken six to eight months."

### Everyone Wins

The savings of both time and money for this project were considerable; the project was completed at an eighth the estimated cost. Perrin said, "Most high-profile IT projects carry great risks, and are frequently over budget and behind schedule. By developing our Web applications with the mrc-Productivity Series, we deployed a highly-visible e-business site under budget and ahead of schedule."

Management couldn't be happier. The customers are pleased and enjoy an unprecedented benefit. "If our customers

request a change to an application, or want an additional option made available to them, the mrc-Productivity Series makes it very easy for me to customize the applications to suit the individual customer's needs," Perrin said. "It's so easy to modify the mrc-generated applications that I can quickly give the customer what they are asking for. How many Web sites can you visit, request a change, and then see that change later on that day?"

But what about the two employees who worked full-time to run reports and manually enter data? "They still work with the customers, but now they are conducting training classes and helping the customers take full advantage of our Web applications," Perrin said.

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