

## SUCCESS CASES



### Microsoft Dynamics NAV essential for Einhell's business management and analysis

**COUNTRY:** Portugal

**SECTOR:** Commerce

**CLIENT PROFILE:** Einhell Portugal, with its parent company in Germany, is dedicated to marketing and technical assistance in two product segments: tools and garden. Innovation is one of the company's focuses today. It has 32 employees and a turnover of 13 million euros.

**BUSINESS SITUATION:** For Einhell Portugal, based in Arcozelo, the information system is critical from an operational and business monitoring point of view. Aligning its choice with the international option, it decided to implement Microsoft Dynamics NAV, which is considered flexible and simple to use.

**SOLUTION:** Microsoft Dynamics NAV

#### BENEFITS

- . Greater automation of processes;
- . Increased efficiency in access to operational and management information;
- . Reduced complexity in campaign management

// Microsoft Dynamics NAV is the only system we use, from which we extract a lot of information that allows us not only to monitor day-to-day operations, but also to understand trends and analyze various business variables. //

- Rui Gonçalves, General Manager of Einhell Portugal

Einhell Portugal, a subsidiary of the German company Hans Einhell AG, sells two major product segments: tools and garden tools. With a commercial and technical assistance vocation in Portugal, it works with several dozen references and sells around 450,000 units a year through retailers, whether large-scale distribution or small stores. The market in which it operates requires permanent control of the business, which highlights the need for appropriate information systems. The company chose Microsoft Dynamics NAV for its integration, ease of use and flexibility. Without losing sight of the analytical and decision support capabilities.

#### SITUATION

The positioning of Einhell Portugal reflects the evolution that has been defined in recent years by the parent company in Germany. Hans Einhell AG has decided to embark on a strategy of differentiating its offer, based on product innovation. In this way, it seeks to ensure a higher level of competitiveness, distinguishing its portfolio by the level of functionality it offers, while focusing on ease of use and price. Rui Gonçalves, General Manager of Einhell Portugal, says that the company develops its business in two main segments, tools and the garden (which includes the automotive and air conditioning range). The former accounts for 75% of turnover and the latter for 25%, with a tendency to increase. In Portugal, turnover is around 13 million euros, with 32 employees. It offers more than 600 references and sells around 450,000 products a year locally, excluding hand tools.

Its commercial activity is carried out through a retail network, where it has clients in large-scale distribution, namely the largest national and international food retail and specialist retail and DIY chains, as well as traditional retailers throughout the country. Despite reaching the end buyer indirectly, there is a strong concern to get to know their buying behavior and needs because it is a market in which competition is strong and the dynamics of product development are high. The company ensures the entire product design component, including the technical side, as well as quality control at all stages until it is ready for delivery, with part of the production itself being subcontracted.

Selling through retailers, to an increasingly informed and demanding end customer, requires tight control of different operational variables, from purchases to stocks, including the definition of an appropriate pricing policy and the creation of mechanisms to boost the sales process, including campaigns. This means that management based on intuition or with the support of unsophisticated tools tends to be a thing of the past, because with tight marketing margins, monitoring the progress of the business at all times is a necessity.

Einhell Portugal's investment in information systems is based on this logic of analysis and continuous monitoring of the business. "From our point of view, it's essential that an information system allows us to carry out quick performance analyses on a number of key indicators, such as which items sell the most and in which stores, or the profitability of a campaign," says Rui Gonçalves. He added: "We naturally carry out monthly analyses of certain business variables, but that's not enough. We need to have information that allows us to keep up with the day-to-day, because it's a market that evolves quickly."

And it's easy to see the need for an integrated system, so that there are no discrepancies in data or slow flows. About five years ago, Einhell opted for what is now known as Microsoft Dynamics NAV. Since then, demands on the system have increased, which has meant that it has evolved in and with the organization.

## **SOLUTION**

The change of systems at the Portuguese subsidiary is not unconnected to the choice made internationally by the parent company in Germany. Almost eight years ago, Hans Einhell AG analyzed a number of management application alternatives and opted for Microsoft Dynamics NAV, which, in addition to meeting the needs of a multinational company, had advantages in terms of ease of use and implementation. Both were reflected in lower project costs. "Microsoft's solution is very customizable, unlike some competing software, which is more rigid and requires the company to adapt to the system," says Rui Gonçalves.

In Portugal, it went into production in June 2002, representing a step forward compared to the existing situation but, according to the company's General Manager, still below its potential. Following the philosophy of introducing improvements, a migration project to a new version was carried out at the end of 2004, which included a re-evaluation of Einhell Portugal's processes, as well as new functionalities. Rui Gonçalves stresses that there was a concern to involve users, as this is an investment that concerns the entire organization. Even though it has a strong technological component, he argues that it shouldn't be this that guides the implementation, otherwise the results will be disappointing from an operational point of view. The choice of partner in this second phase fell on Arquiconsult. But internal know-how in the solution was not forgotten. Carlos Esteves,

Information Systems Manager, specifies that there is internal customization competence, in a context where there is a need to satisfy the requests that users themselves make, in order to improve the performance of their functions.

Microsoft Dynamics NAV takes on the role of a single information system within Einhell Portugal, covering the various functional areas, from accounting to logistics, including human resources and technical assistance. While there is certainly international alignment within the software, the truth is that there are local developments, such as campaign management. "Today, when I negotiate a campaign for a particular product with a client, there is a set of information that the system provides me with automatically, including a photograph of the item. When the campaign is launched in the application, including the period in which it will run and the quantities negotiated, a 'reservation' is made which has an impact on various levels, such as stocks and order management, with an integration and automation capacity that would be difficult to achieve with multiple pieces of software in use," explains Rui Gonçalves. The use of paper sheets, which had to be updated as new data came in, or Excel for control, are now a thing of the past. The complexity associated with campaign management was reduced with the development of the corresponding module on Microsoft Dynamics NAV. "At the touch of a button I can find out the return on a campaign, do a contractual analysis of a customer or find out the margin of a particular item," he says.

As local differences are reflected in the system, such as the consideration of multiple variables in terms of pricing policy, the trend is towards ever deeper integration of information from the different subsidiaries. In other words, a second level of "standardization" is being prepared within the scope of the Microsoft solution, involving reporting and consolidation.

In terms of reporting, the Portuguese subsidiary has made some progress. "For those who live on margin, as we do, control has to be tight. Profit averages around 2 to 4% of net sales, in a context of high cost control. It's essential to have indicators to monitor the business in its various aspects," says Rui Gonçalves. After closing the dimensions component, which introduces greater simplicity in terms of reporting, Einhell Portugal intends to make improvements in obtaining financial ratios, with more ratios and shorter periods in which to make them available. "The ratios we typically analyze at the end of the year, we intend to have them available on a monthly basis," he says.

Faced with a scenario of permanent evolution of the market and of the legislation itself, the same manager says he is rest assured, given the system's ability to respond. An example of this is electronic invoicing, which is being prepared with some large national clients, as was the case with EDI (Electronic Data Interchange) for placing orders. The same is happening with the preparation of the software to respond to the introduction of ecotaxes (collected and delivered later to the management entities), which is already a reality. "I've seen that Microsoft Dynamics NAV is extremely agile when it comes to adapting to the various constraints we have to face," says Rui Gonçalves.



## BENEFITS

In fact, adaptability and flexibility are two advantages that the managers at Einhell Portugal recognize in the management solution they have implemented. But its comprehensiveness is not forgotten, with the inherent advantages of being an integrated software, boosting efficiency. "I believe that an IT system, the way we have implemented it, is critical and important for the business from a global perspective. Because it's not enough for me to have good accounting or adequate stock management. Everything contributes to results," he says. He adds: "Dynamics NAV not only gives us comfort because it is a single platform, but also because it comes from a manufacturer that guarantees evolution, which is very important for a sector like ours, which is very dynamic." Adding to the advantages is the ease of use, which contributes to an increase in user productivity and their interest in embracing the introduction of improvements. The positive note that Rui Gonçalves gives the system is not unrelated to Arquiconsult's support. "We have achieved a stability in the service we receive and in the system that gives me peace of mind," he says.

Einhell Portugal has this scenario as a starting point for moving forward with new projects, particularly Customer Relationship Management. The commercial aspect is not so much at stake here because, despite the high turnover of products, the sales staff visit an average of 4 to 5 customers a day, which doesn't require a permanent exchange of information. Even so, the salespeople already have laptops with which they communicate with the organization and enter orders into the management system, replacing the traditional sending of paper by post. This model is followed in the context of contact with small retailers, since the large distribution chains place orders directly, electronically.

In this way, the implementation of a CRM solution mainly brings added value from the point of view of customer service, especially the technical assistance component, which is also developed in Portugal. "We'll be able to find out which customers have made the most 'complaints', about which products or which are the main points for improvement. And we'll be able to have all this recorded, contact by contact. It's important because of its impact on the business," says Rui Gonçalves. The added value of this new step is enormous because, once again, complexity is reduced and control is increased.

## ABOUT ARQUICONSULT

Arquiconsult is an information systems consulting company, based on Microsoft Dynamics technologies, with offices in Barcelona, Bilbao, Lisbon, Luanda, Madrid, Oporto, Riyadh, Salamanca, Seville and Vila Real.

Composed by the largest and most experienced team of consultants, having already implemented some of the most complex Microsoft Dynamics Business Solutions and being frequently referred to international clients for their implementations in our country.

Arquiconsult is constantly innovating its offer and has several verticals available, for several activity sectors, which add value to Microsoft Dynamics 365. Microsoft Dynamics AX is a clear example that allows us to make available to Portuguese and international companies the best and most complete integrated Management solution.

### Some reference clients in the various sectors of activity:

- Polopique
- Dunlop Protective Footwear
- Teka Portugal
- Klaveness
- Farfetch
- Stericycle
- SAPA
- Gunnebo
- Tecnocabel

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