



Arctic Information Technology Customer Case Study:
Tongass Trading Company

Large Multi-Store Retail Business Speeds Point of Sale and Streamlines Inventory with Microsoft Dynamics

Customer: Tongass Trading Company
Web Site: www.tongasstrading.com
Number of Employees: 45 to 105
Industry: Retail

Customer Profile

Tongass Trading Company based in Ketchikan, Alaska, supplies fishing gear, hardware, furniture and clothing to residents of Southeast Alaska. Additionally, Tongass Trading Company is a popular stop for cruise ship travelers looking for uniquely Alaskan souvenirs and gifts.

Business Situation

Tongass Trading needed to replace an un-integrated, outdated NCR front-end and COBOL-based back-office system to speed point of sale, streamline inventory, and better manage cash.

Solution

The company engaged with Arctic Information Technology to implement Microsoft Dynamics GP, Microsoft Dynamics RMS, design an integrated website and to set up and maintain their IT infrastructure.

Benefits

- Faster point of sale
- Streamlined inventory
- Flexible, adaptable system
- Low cost of ownership
- Worry-free IT infrastructure

Business Solutions and IT Partner
Arctic Information Technology

Products and Services Used

Microsoft Dynamics GP
Microsoft Dynamics RMS
Microsoft Office SharePoint Server
Microsoft SQL Server 2005
Arctic IT Professional Services

“Being in retail for 20 years, I’ve used many different systems. When Tongass Trading was ready for an upgrade, I looked at 17 different systems and decided to go with Microsoft Dynamics Retail Management and Arctic IT because they were the best fit, and would grow with our business.”

Chris Parks, General Manager, Tongass Trading Company

As the oldest retail business in Alaska, Tongass Trading Company takes the responsibility of delivering quality goods and service seriously. When it was time to replace an outdated system, they turned to a firm equally committed to service—Arctic Information Technology. They implemented Microsoft Dynamics GP to automate back-office functions, and Microsoft Dynamics RMS to speed point of sale and enhance service delivery at their nine retail stores. As a result, they’ve gone from carrying five separate inventories to one centralized inventory warehouse, streamlined vendor management, and gained efficiencies in cash reconciliation.

“Nearly 80% of our business comes in with the cruise ships between April and September, so speed and efficiency at point of sale are key for us. Having a reliable, efficient, easy to use system that would help us serve our customers well was a big factor in our decision,” says Parks.

Situation

Tongass Trading Company has been equipping residents and visitors in Southeast Alaska since the gold rush in 1898. Over the years, they’ve grown into a diverse operation with nine stores in four locations, between 45 and 105 employees depending on the time of year, and processing more than 5,000 retail transactions per day in the busy season. Tongass Trading is well-known for their tourist trade, delivering uniquely Alaskan gifts and souvenirs to more than 800,000 tourists each year who journey to the Ketchikan Peninsula on cruise ships. Because the tourists drive 80% of their annual business, Tongass Trading is deeply committed to providing fast, friendly, knowledgeable service.

Shortly after Chris Parks came up from “the lower 48” to join Tongass Trading Company, he recognized the need to upgrade their 25-year-old un-integrated system. They used an NCR system that didn’t provide true point of sale features on the front-end, an out-dated COBOL-based back-end system, along with a virtually non-functioning 3rd party integration package.

Solution

In 2002, Parks started investigating point of sale and office accounting systems. As a member of the Ace Hardware and Worldwide Distributors buying groups, Parks contacted many of his retail management peers in similar businesses all over the United States about solutions they've used and would recommend. He even traveled to several stores to get a first-hand look at their operations and technology solutions.

"A lot of businesses similar to ours use different front-office and back-office systems that are linked together with 3rd party integration packages," says Parks. "When one of the three becomes out-of-date the systems are incompatible and there's a lot of finger-pointing going on. I didn't want that for Tongass Trading."

After an extensive review of 17 different systems, Parks chose Microsoft Dynamics and Arctic Information Technology. "Because it's a Microsoft system, we know we'll get upgraded as we go," says Parks. "It's important to me that I can elect to upgrade or not based on what's the best timing for Tongass Trading."

Parks relies on his strategic partnership with Arctic Information Technology. Together, they put in place a technology plan calling for a phased implementation of Microsoft Dynamics RMS for point of sale and inventory management, Microsoft Dynamics GP for general ledger, payroll, payables and vendor management using a Microsoft SQL Server based network infrastructure supporting overall operations.

Benefits

With the implementation of their Microsoft Dynamics solution, Tongass Trading is better equipped to deliver quick, high-quality service to their customers during peak season. They've speeded point of sale, streamlined inventory, and gained efficiencies in cash management. In addition, Tongass has moved their

tourist-trade business online and has set its sights on significant long-term growth with online sales of high-end outdoor gear.

Faster point of sale

Prior to implementing Microsoft Dynamics RMS, Tongass Trading didn't have an automated point of sale solution. With more than 800,000 tourists coming off cruise ships right in front of their stores each year, fast and efficient service delivery are critical.

"Tongass Trading still operates the way we did 40 to 50 years ago as a people-based business," says Parks. "That's something we're very proud of. To uphold that, I need to equip my employees with reliable, easy to use systems that allow them to easily deliver the high-quality service we're known for."

According to Parks, the Microsoft Dynamics RMS system also has helped them gain efficiencies in reconciling tills and managing their cash. "Now that I've seen what's possible with the system," says Parks, "I'm looking to make these processes even more efficient."

Streamlined inventory

With the Microsoft Dynamics system in place, Parks has overseen the automation of several critical functions at Tongass Trading. The old general ledger system they were using didn't work properly, which meant all journal entries were done manually. With up to 3,000 vendors and thousands of invoices to process a week, the fast vendor lookup capabilities and streamlined invoicing processes Microsoft Dynamics GP provides save countless hours.

Moving to an automated buying system and a centralized inventory warehouse has been the biggest change for Tongass Trading. "Our new processes put a little more pressure on our buyers because they need to be more detailed and have all the numbers in the system," says Parks.

"By having all our items in the system it allows us to maintain one inventory versus three. It's been a long transition, but we're now seeing the gains. We can react and buy less more often, which is a tremendous help to our inventory flow and turnover cycles."

Parks also appreciates that their inventory management system eliminates the need for physical inventory counts during the busy summer season. They now do physical counts only in the winter, which helps them even out staffing levels and workload.

Flexible, adaptable system

Throughout his extensive career in retail management, Parks has encountered many inflexible systems that couldn't be adapted quickly enough to meet customers' changing needs. With Microsoft Dynamics and Arctic IT, Parks is confident his technology solution will grow and adapt along with his business.

"I'm excited about our web strategy," says Parks. "We're developing this slowly and carefully to ensure we have our merchandising systems totally worked out before placing more items online."

Tongass Trading's online business comes largely from tourists who are sent home with shopping bags and flyers informing them where they can go online to get more unique gifts from Alaska. Next year, Parks expects 845,000 tourists to arrive from the cruise ships. Within the next five to eight years, that number will pass the one million mark.

Since their e-commerce site went live in July 2005, they've doubled their web business each year. Parks sees a significant opportunity with outdoor clothing and gear, but recognizes they have supply chain challenges to overcome. "My goal is for us to reach a million in web sales each year and I'm sure it'll happen over time," says Parks. "For now, our web business is a

nice and steadily growing complement to our retail business.”

Low cost of ownership

According to Parks, one of the biggest advantages their Microsoft Dynamics system delivers is low total cost of ownership. “So many of my peers in retail management need to replace piecemeal systems that are out of date and non-functioning within just six or seven years,” says Parks.

“Because I invested in a system from Microsoft, I know they’ll keep adding new features and taking advantage of new technologies, which means I won’t need to replace my system—it’ll grow with me.”

Parks also appreciates the efficiency gains his accounting staff has seen with Microsoft Dynamics GP. A small staff of five effectively manages the back-office, including more than 3,000 vendors and thousands of vendor invoices per week and up to

5,000 retail transactions per day during the busy season from nine different stores.

“We’re looking to open another curio shop within the year,” says Parks.

“We haven’t had to expand our accounting staff as we’ve grown, except to bring on a temporary assistant during the busy season.”

Worry-free IT infrastructure

Parks values his trusted relationship with Arctic IT because of their expert guidance and assistance with his Microsoft Dynamics system, and because of the cost-effective network infrastructure services they provide. “We’re not big enough to have an IT department, but we’re big enough to need one,” says Parks. “By contracting with Arctic IT to manage our IT infrastructure, we have better coverage than if we had an in-house department because they have more expertise through repetition and

being exposed to more situations with their other clients.”

According to Parks, their network works “pretty much flawlessly.” He is looking forward to seeing improvements in service from his Internet Service Providers once fiber optic cable connects the Ketchikan Peninsula with the mainland. Parks is also looking forward to the new features upgrading to Microsoft Dynamics GP Version 10.0 will bring.

“We’ll upgrade in the winter,” says Parks. “We rely on Arctic IT’s expertise to determine when it’s best for us to upgrade. We rely on them for a lot and we’ve never been disappointed. They’re our IT department, our support staff and our trusted advisor. I wouldn’t want to think about where we’d be without them.”

For more information about Arctic Information Technology and Microsoft Dynamics solutions, visit www.arcticit.com.

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