

HENSCHEL & SONS AUTOMOTIVE WAREHOUSE

How a rural automotive distributor utilizes Information Technology to compete with large national chains...

I want to be the technology leader amongst my competition because it enables me to run a more profitable business and gives me a significant competitive edge.

Overview:

Henschel & Sons Automotive Warehouse is a successful automotive parts and tools distributor in the Northeast. From a small father-son endeavor started in 1978, the company has grown to two locations including a 30,000 square foot warehouse. The company has been consistently profitable and maintains a loyal customer base, yet its owners had grown increasingly concerned about the potential threat that a large retail chain might pose to their business.

Jamie Henschel recognized that in order to compete with high-volume retailers who were beginning to move into the wholesale market, it needed an Information Technology solution that would maximize operational efficiency while freeing up employees to maintain the company's focus on superior customer service.

Henschel has strived to stay ahead of the latest technology trends affecting the automotive aftermarket industry. For example, Jamie Henschel built a website for his company well before eCommerce sites became the norm in the industry. He recognized the Internet as a strong business tool that would enable him to expand beyond the physical limitations of his facilities. As confirmation, within weeks of bringing his web site live, he sold a piece of tire changing equipment to the USS Kitty Hawk while it was docked in Okinawa. Henschel has since expanded his website and is able to sell parts worldwide without an increase in staff.

Business Challenge:

In March of 2001, Henschel received an end-of-life notice for their Activant system. The limitations of the system had been obvious: inability to connect directly to the Internet from the point-of-sale terminal, delayed complex catalog and price updates, and unreliable data management and backup. With Activant, the three-day process to reconcile data at the end of each month was long and tedious, and data was sometimes lost. In addition, the Activant system relied on proprietary hardware and software that was difficult to support without expensive assistance from the software vendor.

Henschel's management decided that it was time to seek an IT solution that would give them the flexibility, efficiency, and control they needed to run a large-scale, customer-focused business. According to Jamie Henschel, "We saw the business landscape changing and we needed to embrace these changes. Our customers want access to data and their records at times that are convenient for them. They want the option of a user-friendly, self-service model that allows them to handle routine activities on-line 24x7. From our vantage point, it made good business sense to off-load some of these routine activities so that counter personnel could focus on the complex issues. In addition, it was essential that the system give Henschel access to the best data available in the industry and support roll-outs to new stores and customers cost-effectively."

The Selection Process:

Henschel opened its stringent

selection process using the following criteria:

Vendor Service and Support:

Vendor commitment to maintaining and upgrading the product into the future. Excellent vendor care programs, with personal and attentive service.

Technical:

Scalable infrastructure including Internet capabilities for both internal needs and customer interactions.

Financial:

No costly proprietary hardware.

"Our customers want the option of a user-friendly, self-service model that allows them to handle routine activities on-line 24x7...it makes good business sense to offer these services so you can utilize your personnel and keep the focus on growing the business."

The WHI Solution

The Nexpart® Distribution Management system from WHI was selected as the system that was capable of taking Henschel & Sons into the future. According



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to Jamie Henschel, the following were key to the decision:

A Leading-Edge Technology Solution:

The Nexpart Distribution Management system is built on a Windows® platform and runs on non-proprietary PC hardware. With its ability to interconnect warehouse distributors and installers seamlessly without any special equipment, Henschel and Sons operates with a minimum of overhead. Their personnel are able to focus on servicing the customers at a level not attainable with their old system.

SmartLink:

Henschel counter personnel assist customers with purchasing decisions using information directly from manufacturers' websites. The counter person can access images and specs for a particular part, helping close the sale while also reducing merchandise returns. This feature increases customer loyalty by making the counter person an informed ally in the purchasing decision.

Source It:

Henschel counter personnel are able to look up parts availability at vendor warehouses in real-time using the Nexpart Distribution Management system. This has a direct impact on customer satisfaction because Henschel can commit parts on the spot.

Nexpart:

Customer satisfaction is enhanced by enabling self-service 24-7 via the Internet. Customers can access Internet-based information at their convenience and new users can be added to the network quickly and easily. There are no ramp-up issues and there is plenty of bandwidth capability to bring more customers on line. The counter staff can add more value by helping customers with complex questions.

Results

Henschel selected the Nexpart Distribution Management system because it met the core selection criteria:

- WHI is committed to maintaining and upgrading the Nexpart Distribution Management system into the future. As a vendor, we recognize the importance of service and have designed our programs to lead the industry, while remaining personal.

- The Nexpart Distribution Management system offers a scalable infrastructure with built-in Internet capabilities for both internal and customer requirements.

- There is no costly proprietary hardware required and, in fact, Henschel realized a savings of approximately \$30,000 upfront by eliminating the need for local servers, dial up equipment, a back up system and UPS batteries.

"Our ability to provide real-time answers drives customer loyalty."

- Plus, the Nexpart Distribution Management system offered many additional benefits:

Henschel was able to offer customers the added convenience of doing business with them 24x7. And, because customers started using the self-service capabilities quickly, Henschel was able to re-focus counter personnel on activities that would expand their customer base.

Henschel can now source parts instantly from warehouse distributors or look up parts availability at vendor locations, making counter personnel more efficient and responsive to customer inquiries. They are able to secure parts

while on the phone or face-to-face with the customer — not after the fact. According to Henschel, "Our ability to provide real-time answers drives customer loyalty."

Customers now come to Henschel to buy competitively priced common items because they provide the best service. "It's nice to see that more customers are connecting to us now. They are also buying parts they did not buy before," states Henschel.

The scalability of the solution has allowed Henschel to increase sales and territories by covering two new states. The sales managers and their customers can connect to Henschel's system from anywhere, at any time, via the Internet.

Henschel & Sons was pleased with how smooth the implementation cycle went. According to Jamie Henschel, "counter personnel were able to assume their normal daily routines using the new system, within one hour of going live. The WHI pre "go live" training and technical expertise was unmatched."

Henschel has found WHI's IT services run via a centralized data center more secure and efficient than their past system.

In conclusion, Jamie Henschel states, "The majority of my competitors are not as advanced as we are when it comes to technology. They fail to see the Internet as a business tool. I want to be the technology leader amongst my competition because it enables me to run a more profitable business and gives me a significant competitive edge. Given that our large customers will all be moving to the Internet— I am pleased to say that we are ready and are prepared to be a competitive force into the future.