



9 Challenges Facing the Home Furnishings Industry

(and how to solve them)

Combatting global supply chain and omnichannel complexities with Microsoft Dynamics 365

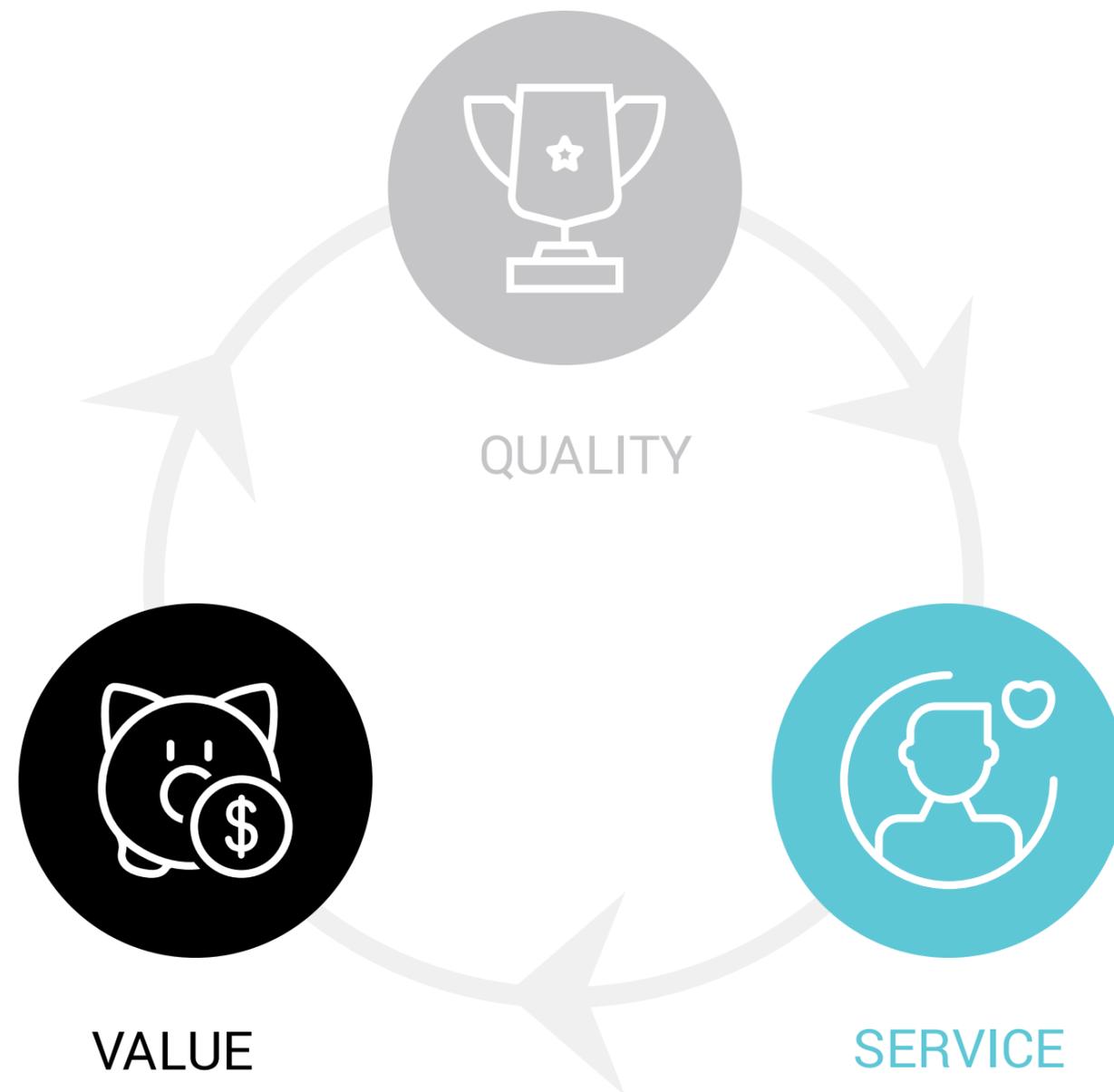
YOU'VE COME TO THE RIGHT MICROSOFT INDUSTRY PARTNER

No matter if you're in the business of casegoods, upholstery, leather, textiles, or home decor, there's a good chance your supply chain has become both more **global** and **increasingly complicated** over the last decade.

This interactive ebook will dive further into the industry challenges that negatively impact business operations, and how Microsoft Dynamics 365 and Sunrise Technologies can help. Use the arrows to navigate between pages.



SUPPORTING THE **BRAND PROMISE**



In an industry where a company's name may inspire generations of trust and loyalty, your supply chain and business operations must protect the brand's promise of quality, service, and value.

But when your brand is built on almost limitless configurations and customer choices, along with global trade partners and lots of unexpected snags, it can be increasingly challenging to manage these complexities with ease and efficiency.

To protect your brand promise, it has to be supported with a modern infrastructure.

INDUSTRY CHALLENGES

Let's dive into each topic in more detail and discover a solution.

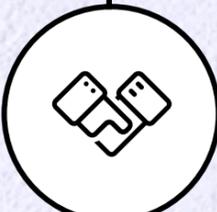
(Click on a topic to go straight to that page)



Product Management



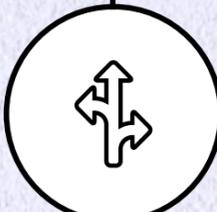
Manufacturing



Sourcing



Planning



Logistics and
Distribution



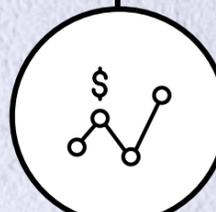
Sales and Marketing



Omnichannel



Customer Service



Financial Visibility.



Product Management CHALLENGES

Upholstery and casegood products require a comprehensive, multi-dimensional product structure to correctly model the product variants (SKU's for various styles, colors, and configurations) with product classification, attribution, and categorization.

Besides being multi-dimensional, most products are highly configurable and driven by the end consumer's specific requirements. Thousands of possible combinations may exist, especially with the fabric/leather selections for upholstery products. The combination must be intelligently managed to avoid excessive data maintenance on product variants and their respective Bill of Materials (BOMs) and production routes.

SOLUTION

While many legacy platforms have limitations in product hierarchies and multi-dimensional product management capabilities, Dynamics 365 includes this functionality out of the box. It even has a built-in configuration engine to configure the product BOM and routing as customer transactions are recorded. Intelligently managing product configurations improves operational efficiency, supply chain planning, reporting, and exception management.





Manufacturing CHALLENGES

High-quality furniture manufacturing in and of itself is a highly complex process that requires a fine balance of extreme flexibility and rigid control to deliver innovation, style, and functionality at a competitive rate.

Furnishings companies leverage various strategies for global and domestic manufacturing. Whether manufacturing high-end products or performing sub-assembly in US-based plants, special attention to detail is required to manage costs and quality. Material and labor variance analysis helps companies better understand and track the direct and overhead manufacturing costs. Such detail may require shop floor control, data collection, or deployment on production floor terminals or mobile devices.

SOLUTION

Unlike other business applications that only include these essential manufacturing functionalities as an add-on or as part of a limited niche solution, Dynamics 365 is a Tier 1 solution that includes all of these manufacturing functionalities within its core offering. Furnishings companies can keep costs competitive with streamlined, collaborative manufacturing processes and detailed reporting.





Sourcing CHALLENGES

With labor-intensive production requirements and constant competition to lower prices and improve margins, many furnishing companies outsource the manufacturing of their branded goods to factories overseas in addition to sourcing raw materials from trade partners.

In order to outsource manufacturing and still provide a high level of customer service, organizations can't just leave the supply chain unmanaged. Companies that virtually manage the supply chain, including tracking the in-transit or "on the water" inventory, have significant gains in revenue and customer satisfaction.

SOLUTION

Dynamics 365 allows furnishings companies to manage a comprehensive procurement and sourcing process, along with transportation functions. Ultimately, this provides the insight and control needed to effectively manage a virtual supply chain and reap the benefits in terms of reduced lead times, lowered costs, and greater customer satisfaction. Embedded business intelligence can also help identify late shipments and their impact on orders down the line so issues can be handled before they materialize.





Planning CHALLENGES

With long lead times, planning is not only a key business function to avoid problems later in the supply chain and unhappy customers, but is also one of the biggest challenges the industry faces. Being able to forecast accurately and then turn around and properly convert that data into a supply plan months ahead of when the actual customer demand will be realized is mission critical. This makes intelligent allocation of supply-to-demand an important differentiation point of any furniture company business platform.

SOLUTION

Dynamics 365 includes robust supply chain planning tools that peg supply against the demand and monitor the in-balances within the supply chain across all levels – including purchasing, transfer, and production orders. And with forecasting, planning, and embedded business intelligence tools, furnishings companies can proactively spot issues and address them before they materialize.





Logistics and Distribution CHALLENGES

Moving products or raw materials through the global supply chain can be costly – therefore logistical issues quickly become a factor in rising operational costs. A tight management of transportation and distribution centers helps minimize freight and storage costs.

Moreover, landed cost components must be analyzed and variances must be reported to ensure that margins don't get hit by logistical challenges. And, each customer delivery must be planned and scheduled, and remain flexible in the event delivery details change mid-shipment. Thus, logistics must plan to ensure the correct shipping carrier arrives at the right outbound dock at the right time, to keep customers satisfied with on-time delivery.

SOLUTION

With built-in transportation and warehouse management functionality, Dynamics 365 helps companies run all of their logistics and distribution more efficiently and ultimately deliver the brand promise to customers with on-time deliveries. Built-in planning and analytics tools help identify logistical challenges and the customers that will be impacted so problems can receive swift and immediate attention.





Sales and Marketing CHALLENGES

Building revenue through repeatable and predictable sales and marketing processes is critical to future growth. But all too often, these teams operate independently and with too many manual processes.

Sales and marketing leadership often lacks visibility into how to accelerate the buying process and capitalize on trends. It can also be difficult to get the right message or offer to the right customer at the right time. And sometimes it can be difficult to reign in undisciplined discounting practices, which can lead to shrinking margins for the sake of a sale. This undesirable situation results in errors, frustration, missed opportunities, and disjointed customer experiences that can quickly lead to lost revenue.

SOLUTION

Dynamics 365 allows sales and marketing to live on the same platform, providing a 360° view of the customer and even visibility into available inventory and item configuration options. Every team member will have one system to simply build, track, and execute marketing campaigns and sales activity. Embedded dashboards help improve productivity, align teams, and uncover insights – leading to smarter, faster decisions and increased revenue.





Omnichannel CHALLENGES

To grow and compete, many furnishings companies sell through multiple channels like wholesale, retail, eCommerce, and catalog.

Traditionally, each channel has run on disparate software systems with limited (if any) interactivity. To see a full picture of the overall company health, businesses dedicate constant attention to master data synchronization and aggregation of business information across platforms. Most of the time this process is manual, time-consuming, and costly. This traditional setup also precludes any kind of cohesive, omnichannel customer experience, leading to frustration and negative brand perceptions.

SOLUTION

Dynamics 365 supports an omnichannel furnishings purchase. It is a single solution from wholesale to retail, with call center and EDI capabilities, a modern POS deployable on any device, and eCommerce integration capabilities – even functionality to pop up stores or take orders at tradeshows. This single solution eliminates channel specific data islands, providing true real-time business visibility and a 360° view of the customer. Customers will also love the flexibility of specifying product configurations across channels.





Customer Service CHALLENGES

Every customer interaction is a chance to strengthen the relationship. And every customer service representative wants to be able to proactively provide timely updates on order status and quickly resolve issues. But it can be challenging to find all of the information without hopping between several systems.

Having pride in providing exceptional service that aligns with the brand promise is one thing. Actually executing it with manual or outdated systems is another. Disparate information and untimely information causes frustrations for agents and customers alike, causing poor responses to issues and an inability to report and measure how things are going. Not to mention creating bad will with a customer.

SOLUTION

Dynamics 365 include claims and case management, along with a fully configurable knowledge base. This provides one place to store all communications and allows agents to engage with customers on any device or channel. Agents can provide fast, personalized service and pick up right where the last agent left off — so everyone takes the right action every time. Embedded dashboards and reports help furnishings companies measure customers satisfaction and learn from past interactions to improve service.





Financial Visibility CHALLENGES

Real-time, integrated financial management capabilities are key to running an efficient supply chain and omnichannel distribution network. Variances on purchasing (PPV), production (material vs labor), and logistics (landed cost components) should be tracked by division, product, plant, work center, vendor, etc.

Corrective actions can only be taken in a timely manner if these supply chain transactions are accurately reflected in the financials in real-time. The more systems involved in providing this data, the more difficult and time-consuming accessing this information can be. Spreadsheets that attempt to connect disparate information become unruly, preventing the business from having one version of the truth.

SOLUTION

The comprehensive financial management functions in Dynamics 365, combined with powerful financial dimension features and embedded Microsoft Power BI, enables furnishings companies to get the most out of their operations. The difference is a fully integrated financial and supply chain platform with visual intelligence tools, so there's always real-time visibility into performance. With this in place, all levels of the organization can make smarter and faster decisions.



“

By selecting Dynamics 365 and Sunrise, I think we've found exactly what meets our needs. I expect that we'll consider our infrastructure 'modern' for the next ten years, at least!

”

Paolo Fabiocchi

FRETTE
1860

CONCLUSION

Furnishing companies trying to manage all this complexity without a Tier 1 business platform usually struggle to uphold their brand promise.

But, to be fair, few systems can handle all of the complexities at once! They're either too big, bulky, and monolithic, or too niche, underpowered, and unsupported. Microsoft Dynamics 365, on the other hand, offers a perfect fit. Coupled with the industry experience and solutions of Sunrise Technologies, and you can get a robust solution at a tremendous value.

