

LA Weight Loss Trims the Fat with Sage MAS 200



CLIENT: LA Weight Loss Franchise Co.

THE CHALLENGE: Improve efficiency and manage rapid growth

THE SOLUTION: Sage MAS 200 Distribution Suite and ECM²

FINANCIAL ANALYST GEOFFREY HAINER: “The cost and time savings are incalculable. What took six hours with three people each day now takes 45 minutes with one person and those employees are now able to focus their time on higher level tasks.”

Even though the focus of LA Weight Loss customers is to slim down, the goal of the company, like any, is to grow and expand. And, that is exactly what it has been doing since 1997.



With obesity considered a national epidemic in the United States, the weight loss industry is growing at a rapid pace and LA Weight Loss is leading the pack with over 800 centers. The National Institute on Health reports that more than 60 percent of all Americans are overweight. This has resulted in a \$43 billion weight loss industry with projected growth of \$40 billion over the next few years.

Following the industry's growth pattern, LA Weight Loss Franchise Co., headquartered in Horsham, Pa., has been experiencing year-over-year growth at a rate of 35 percent over the last five years. As one of the world's fastest growing franchise systems, LA Weight Loss has 450 franchise centers in the United States, Canada, Australia, Costa Rica and Puerto Rico.

Starting Over

Originally all of the franchise, as well as the corporate locations, were managed under one company. In 2004, the company was split in two with the franchise centers managed under one company and the corporate-owned centers managed under another.

The original company had been utilizing Sage MAS 90 accounting software since 1998. When

the company split, the LA Weight Loss Franchise Co. had to move all of its information to a new system and, after evaluating its options, decided that Sage MAS 200 was still a good fit for the business.

“We were extremely familiar with MAS 200 and we also knew that we were not leveraging its full potential,” said Bill Warrin, CFO for the LA Weight Loss Franchise Co.

“We needed a solution that would integrate, automate and streamline our processes,” said Warrin. “MAS 200 had the capabilities to accomplish this with its purchasing, inventory, sales orders and e-commerce modules. And, with CompuData handling our MAS 200 implementation and maintenance before the split, we knew that they had the expertise to help us maximize the features of MAS 200 for the newly-formed entity.”

Bad Habits to Break

Since the franchise company was virtually starting from scratch with a new system, they decided to re-evaluate their processes and determine where their bottlenecks were in an effort to improve their efficiency.

“Many of our processes needed automating,” said Geoffrey Hainer, financial analyst for the weight loss leader. “The centers were faxing or emailing their individual sales orders each day to our office for fulfillment. We were able to control this with 100 franchise centers; however our rapid rate of growth to 450 franchise centers required a more efficient, reliable plan.”

“As orders came in from each individual center, our staff would take the order form and key the information into our MAS 200 system. The order forms were faxed to the main office in inconsistent formats. Some were handwritten, some were typed and some were even modified to meet the individual's needs. Our three staff members were spending hours each day just collecting the orders, entering them into the system and forwarding them to one of our six distribution centers to be filled,” explained Hainer.

The distribution centers and accounting departments would enter the information into their sys-



tems to keep track of inventory and to process bills, and the staff that handled the faxes coming in during the morning would then spend the rest of their day on the phone with the center managers and the shipping companies tracking the orders.

“The order and fulfillment process was time intensive, prone to error and costing us money,” added Warrin.



Cutting Back

The LA Weight Loss program helps clients achieve easy, effective, affordable weight loss results using unique, personalized one-on-one counseling. The company makes its money on results. “Inefficiencies are costly both to the consumer and us,” explained Hainer, “if an item is not in stock, it is a potential lost sale for the company.”

“Quick turnaround of our products to our franchisees is very important to providing our customers with the best possible service,” explained Warrin. “CompuData worked with us to evaluate our processes, identify bottlenecks and determine best practices for our distribution and accounting processes. In just one week, we had the processes laid out and in less than four months the solution was customized to meet our specific requirements.”

CompuData implemented the full Sage MAS 200 distribution suite plus ECM², a CompuData e-commerce module designed to tie a custom built web site to a MAS 200 sales order, inventory and billing system. Additionally, CompuData managed the development of LA Weight Loss

Franchise Co.’s custom website, geared toward requisition, replenishment and fulfillment, enabling franchisees to easily order their products over the web.

Modifying Behavior

Throughout the course of a day, as a center manager identifies products that need to be reordered, they can simply log into the system via the website using a center-level ID. They complete the online order form and an email is automatically sent to the franchise owner for approval. The owner can change the order or authorize and submit it.

From there, the order automatically goes in to the Sage MAS 200 sales order module. The order is sent to the warehouse for fulfillment and into the accounting system for generation of an invoice. During the process, there are three confirmations to ensure the right order is placed and filled correctly.

CompuData helped LA Weight Loss Franchise Co. customize the solution to enable it to effectively deal with its multiple distribution centers in four different time zones. If an order comes in, but the distribution center for that region is not able to fill it, the system is configured so that it will divvy up the order to various distribution centers without human intervention – and without holding up the order.

Additionally, if a product is low on inventory, CompuData configured MAS 200 to automatically allow the rest of the order to be filled with the one item to be placed on backorder. A new order is then automatically created for the item on backorder.

Using a CompuData custom built import/export process, the Sage MAS 200 system is integrated with the UPS tracking system, which accounts for 80 percent of LA Weight Loss Franchise Co.’s shipments. The center manager or franchise owner can easily login online and check the status of the order.

“Being able to track the orders online is a huge time savings for our office as well as for the individual center managers,” said Hainer. “Our staff no longer spends their afternoons on the phones with shipping companies and center managers chasing down the delivery status of specific orders.”



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With almost 1/6th of its franchise centers located outside of the United States, CompuData also worked with LA Weight Loss Franchise Co. to streamline its processes for international orders. Since these orders required different weight measurements, importing licenses and more, the order and fulfillment process for international orders had always been handled manually.

“Now, thanks to MAS 200, we have a lean running system to handle our international orders,” said Warrin. LA Weight Loss Franchise Co. has not had to allocate additional employees to focus on fulfillment for each country as they had expected they would have to do. “It has certainly helped us with our international growth.”

Thin and Fit

“The cost and time savings are incalculable,” said Hainer. “What took six hours with three people each day now takes 45 minutes with one person and those employees are now able to focus their time on higher level tasks. Even with less people handling these processes, we are positioned to more efficiently support our continued 35 percent a year growth as we move forward.”

“MAS 200 has enabled us to automate our processes from beginning to end,” adds Hainer. “We are much more efficient now that we are utilizing the full functionality of MAS 200.”

By streamlining the ordering and fulfillment processes and specifically automating the allocation of orders to the warehouses, LA Weight Loss Franchise Co. is now able to meet its 24-hour turnaround for all orders.

“Now, with no data entry and with the multiple automated checks and balances put in place, our error rate has gone from between 5 and 10 percent to less than one percent. It is near perfect,” quipped Hainer.

LA Weight Loss Franchise Co. has also seen an improvement in its communications with its franchisees. The Internet provides a communications vehicle to notify franchise owners and center managers of changes in procedures, new products and other company news.

“With 45-50 franchisees, 450 franchise centers and an average of 5-10 employees a center, our

new front-end is great for communicating to these 2,500+ people located throughout the world,” added Hainer.

Cutting Calories for Accounting & Purchasing

“The MAS 200 system has been revolutionary for our accounting department as well,” said Warrin. “There has been an enormous amount of time saved in the billing and collection processes. The timeliness of payments has also significantly improved, attributed to the increased accuracy of the online system. We are essentially now running a paperless accounting process with a robust audit trail.”

With everything online, franchisees can now log in and view aging reports detailing how much they owe at any point in time. The built-in reporting capabilities in MAS 200 also allow the LA Weight Loss Franchise Co. staff to easily generate reports and metrics that are pertinent to the business.

The LA Weight Loss Franchise Co. purchasing department, which has a staff of seven people, has saved approximately 15-20 percent of their time eliminating inefficient processes. The MAS 200 purchase order module simplifies ordering products and enables the company to accurately record the transactions.

Poised for a Healthier Future

“The supply chain side of our business was always our weakest, but it is also the largest part of our business,” said Warrin. “Now, with MAS 200 and the help of CompuData it all works efficiently and we are able to look ahead and plan for future growth.”

“CompuData has been a valued partner throughout the entire planning and implementation process,” said Hainer. “They know our business and understand our needs. They have always stepped up to the plate lending their experience and have truly helped us to refine our processes. This, along with our customer-oriented approach, positions us for a healthier future in the weight loss industry.” ■