

CARIBOU COFFEE COMPANY

Solution Overview

Industry

Manufacturing & Restaurants

Microsoft Business Solutions Partner

Business Microvar, Inc.
St. Paul, Minnesota, USA

Scenario

Caribou Coffee needed a system that provided accurate, real-time information to increase efficiencies while saving time and money.

Company Profile

Caribou Coffee is the nation's second largest specialty coffee company with over 200 stores and 2,800 employees in eight states.

Benefits

Microsoft Business Solutions gives Caribou Coffee greater control over inventory and orders while speeding up financial processes because of increased accuracy.

Software Used

Microsoft Business Solutions—Great Plains

Manufacturing
Financials

Inventory and Order Processing

Microsoft SQL Server 2000

Microsoft Windows® 2000 Server

Microsoft Visual Basic

Demographic Information

Number of Employees: 2,800

Number of Sites: 200

Number of Users: 30

Migrated from many disparate systems

Caribou Coffee's growth was challenged by the company's internal operations requirement to coordinate the disparate planning, sales, manufacturing and financial systems through spreadsheets.

Headquartered in Minneapolis, Minnesota, Caribou Coffee Company is the nation's second largest specialty coffee company with 2,800 employees and three facilities that roast, package and distribute 4 million pounds of coffee to over 200 company-owned stores. Caribou Coffee's stores have the look and feel of an Alaskan lodge, with knotty-pine cabinetry, a fireplace and soft seating. The company sells coffee, equipment and other goods via the Caribou Coffee Web site and select retail/grocery partners.

Looking for Accuracy and Control

Caribou Coffee Company cofounders John and Kim Puckett quickly grew the company after establishing the first coffee house in 1992. With this rapid growth, the company also began to experience some business pains, says Paul Turek, General Manager of Support Operations, at Caribou Coffee. "Orders received via phone, fax and the Web needed to be translated into disparate systems maintained by each supporting department," he said. "Often critical information—timing, volume, costs, configurations—was lost due to the lack of integration between these processes."

Other problems included:

- Poor vendor information
- No purchase order history
- Critical delivery details often fell between the cracks
- Inventory levels were kept artificially high to make sure there was product available
- Period-end closings required extensive time and resources to compile the incoming myriad of reports
- Invoice to purchase order reconciliation was time consuming due to the omission of details and item discrepancies

Microsoft Business Solutions Delivers

Caribou Coffee worked with Microsoft Business Solutions reselling partner Business Microvar to find a solution for these business pains. They took the time to learn Caribou Coffee's business model and supply chain requirements. They recommended Microsoft® Business Solutions—Great Plains® specifically because of the capabilities offered in the areas of manufacturing, distribution and financials.

Improved Processes

Sales Order Entry greatly improved order fulfillment accuracy—from 95 percent to 99.5 percent—because now order profiles are identical regardless of origin or

"Microsoft Business Solutions has driven efficiencies into our processes, lowered our costs and working capital needs to enable us to grow more rapidly."

Paul Turek
General Manager of Support Operations
Caribou Coffee Company

destination and critical information remains intact. Improved order accuracy reduces time spent correcting errors and adds money to the bottom line.

In order to track vendor discounts and current pricing levels, Caribou Coffee utilizes the Purchase Order Processing module to provide a detailed order history which has raised the accuracy of delivery receipts from 89 percent to 98.7 percent. This again reduces the time Caribou Coffee employees need to spend making corrections in the systems and greatly improves the company's vendor management processes.

The increased accuracy of sales and purchase orders also directly affects the speed and accuracy of financial statements and reports generated by Microsoft Business Solutions Financial Reporting. Now, the system captures financial activity in real time and, because of increased order accuracy, staffing time for the period-end closing and reporting process is down 33 percent.

Streamlined and Efficient

Microsoft Business Solutions directly improved Caribou Coffee's manufacturing and distribution processes. Now, bills of materials (BOM) show individual product component specifications so each BOM accurately reflects its requirements and costs. Employee labor and overhead costs are also applied directly to each BOM so each batch of coffee is accurately tracked in the system.

Previously, inventory stocks were kept artificially high because of difficulty in maintaining an accurate count. Inventory is now expressed in real time at both the corporate warehouse and each store. This allows Caribou Coffee to match production more accurately to sales, which increases efficiency and saves the company money. Specifically, this tracking has also allowed Caribou Coffee to reduce Work in Process (WIP) inventory by 90 percent.

By implementing a new financial solution, Caribou Coffee now has an efficient business management system that offers greater accuracy and control over their ordering, manufacturing, distribution and financial processes.

Return on Investment

Microsoft Business Solutions benefits Caribou Coffee Company in many ways, including:

- Increased order fulfillment accuracy from 95 percent to 99.5 percent.
- Delivery receipt accuracy improved from 89 percent to 98.7 percent.
- Time spent on period-end closing and reporting reduced 33 percent.
- Administrative penalties and fees assessed reduced by 80 percent.
- The company now monitors real-time inventory volume and costs—WIP inventory fell 90 percent.

For more information about Microsoft Business Solutions, visit www.microsoft.com/BusinessSolutions

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