Candy Crush

Dylan's Candy Bar makes a software switch to streamline and reach for the cloud

by **JOHN MORELL**

For a small company, Dylan's Candy Bar has a big profile. Founded in 2001 by Dylan Lauren, the daughter of Ralph, the boutique candy retailer was designed to be more than just a sweets outlet: The company claims to have more than 7,000 edible treats available, as well as clothing, jewelry and handbags.

Some of the chain's 11 locations are veritable entertainment destinations, with ice cream parlors, cocktail bars and party rooms. The flagship store on New York's Upper East Side, three floors of lollipop trees and staircases embedded with candy, has been featured in several reality TV shows and welcomes around 2.5 million guests per year. Customers have included luminaries from First Lady Michelle Obama to soccer star David Beckham.

Dylan's built up quite a niche in a short period, but the company's executive team has always been focused on growth. To that end, they looked at operations a couple of years ago and brought in Erica Stevens as vice president of supply chain and IT. Stevens, who had previously consulted with Dylan's on IT issues and was familiar with the company's operations and culture, was given a mandate: Streamline in order to maximize the company's growth.

RE-EXAMINING PROCESSES

"Like a lot of smaller companies, we had a range of different software to manage everything from operations to inventory to [point of sale]," says Stevens. "On the plus side, everybody knew how to work within these software packages. On the down side, the different programs didn't communicate well with each other. To get various reports on what was happening

in the business we had to compile the data manually, and it was time consuming."

To solve this challenge, Stevens saw that they could work on developing a way for the platforms to communicate and get the analytics they needed, or they could throw everything out and start from scratch.

"Very quickly we saw that it was more beneficial to start over with a new platform," Stevens says. "It's not that the old software was ineffective — it was that for the kind of growth the company was looking for, we needed an all-encompassing cloud-based platform that covered everything in operations, from e-commerce to inventory control to POS."

Another plus to starting over, she says, was the opportunity to look at how the different departments operated. "It gave everyone a chance to re-examine all of the processes and decide, 'Do we need this, and why?'"

Dylan's chose a platform offered by NetSuite. It "was the most logical fit for us, considering it's cloud-based and has several options to allow for growth of the organization," Stevens says. "We had a lot of trusted partners pointing us in their direction."

The challenge faced by Dylan's is similar to that faced by many small companies, according to Matt Rhodus, retail industry solutions principal for NetSuite.

"As they grew, they ended up with a lot of legacy applications that didn't connect very well," he says. "The result was they had software that monitored their inventory and other programs monitoring sales and other functions, but these weren't well connected … [so] they didn't have a clear, real-time view of what was happening in the business."
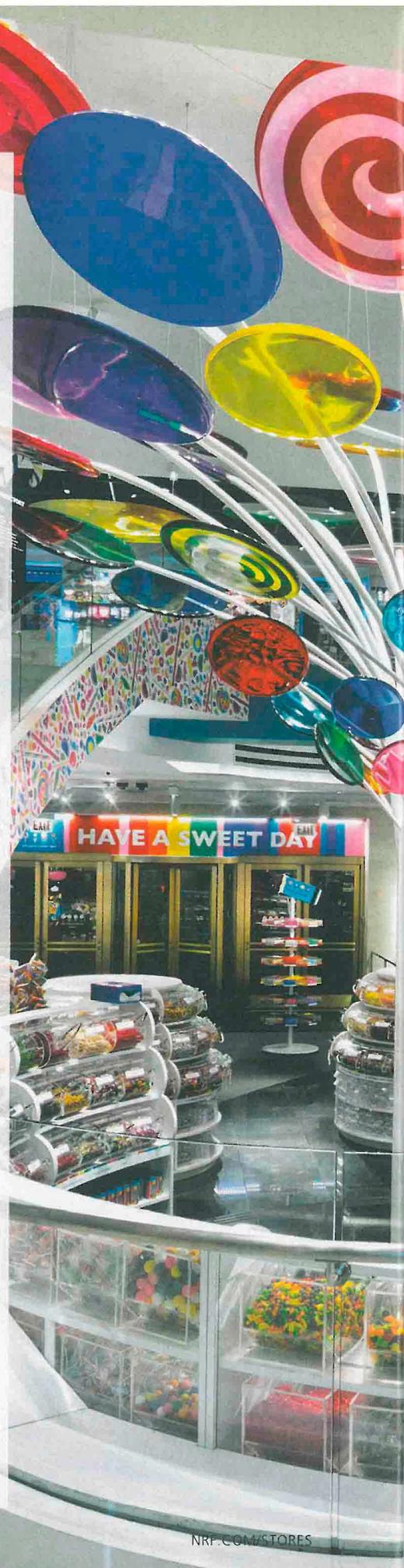
With a system such as NetSuite's, information from all sources is placed in the cloud where it can be accessed through analytics to form immediate pictures of activity across departments.

"Many retailers choose flashy front-end software, but they've got a back-end problem," Rhodus says. "They can't see their customer uniformly across channels or get a single view of inventory or orders. A cloud-based integrated approach allows that."

BETTER REPORTING

One approach to enormous IT changes is that they should be rolled out all at once in order to immerse the workforce in the new platform and create an incentive to learn it quickly. The other school of thought is to gradually introduce new software,

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going from department to department, which takes longer but can be less disruptive to operations.

Dylan's went with the latter option and began the transition in December 2013. "We felt that having a fairly complex business, a gradual rollout would work best for us," says Stevens. "There were lots of questions we had to answer. Did we want to automate our billing process right away or would it be better to make it manual in the beginning to ensure that people understood the process?

"We wanted to get them to comprehend the new system, but at the same time didn't want to overwhelm them because they had a job to do," she says. "We didn't want people to push a button and think these great reports magically occurred."

Getting data for the new platform

meant having staffers collect it out of the old system and enter it into Net-Suite. "Thinking about the analytical benefits, I wanted to enable the parsing of the inventory data of our 5,000 to 6,000 active [products] in a myriad of ways," Stevens says. "Of course this meant a lot of data entry and constant item master maintenance. Seeing the benefits of better reporting, people were generally onboard with the additional work associated with the changes."

Stevens served as the NetSuite administrator for Dylan's in addition to her other duties, which also contributed to the progressive rollout. "I couldn't be in all departments and places at once," she says, "so we decided to implement the program gradually rather than just putting it on everyone's laps and having them try to figure it out."
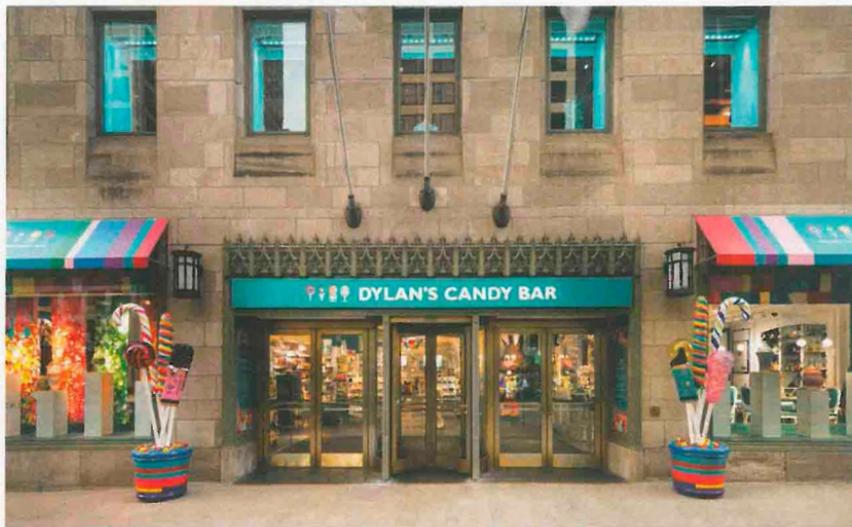
NetSuite was first implemented in accounting and inventory, and then moved to the e-commerce platform and wholesale department. Reaction to the changeover from staff was mixed, but positive overall.

"We had changed platforms a few years before and one of the comments I often heard was, 'We were told the old platform would solve x, y and z,'" Stevens says. "I had to explain why we were making a change, but overall it wasn't that hard of a sell. The systems we were using weren't very popular and we did a good job explaining why NetSuite was the way to go."

After the back end was up to speed, Dylan's POS system was integrated with NetSuite, followed by the company's party business.

READY FOR CHALLENGES

"One advantage we have over other companies may be our culture," says Stevens. "Merging candy and pop culture is part of our mission, so our inventory and stores are constantly changing and evolving. No one's ready to be static at Dylan's. Everyone is

ready for the next challenge."

The rollout of the entire system in July 2014 made a big splash. The day the POS system was integrated, the company's executives were locked onto the NetSuite app on their mobile phones viewing sales results in real time. "You're not waiting till the end of the day for sales and inventory reports anymore," says Stevens. "It's right at your fingertips."

Overall, the change to the cloud has been "sweet." Online order volume is up 32 percent since the changeover and there's been a 65 percent reduction in inventory discrepancies.

"I haven't calculated the man-hours the system saves but it fits our needs perfectly," Stevens says. "When you have a small company like ours where everyone is expected to wear different hats and you need to make decisions quickly, it's a great tool." **STORES**