



## CCV BUILDING MATERIAL TRADING SOLUTION SUPPORTS EXPANSION OF BIERHANZL GROUP A.S.

CCV was entrusted with implementation of Bierhanzl Group a.s. company IS based on Microsoft Dynamics NAV.



### About the customer

**Bierhanzl Group a.s.** is a company with a range of activities: building materials wholesale and retail, woodwork, selling and lending out of hoisting and manipulation machinery, agricultural production, selling of heating, plumbing, drainage machinery and equipment, transport and hotel-keeping. Today the group has over 300 employees and its annual turnover exceeds 1200 million CZK.

**Bierhanzl Group a.s.** has its branch offices in Březnice, Dobříš, Mníšek pod Brdy, Horažďovice, Osnice, Příbram, Rožmitál pod Třemšínem, Sedlčany, Strakonice, Trhové Sviny and Volyně. Its sawmills are in Věšín and Martinice.

### Solution requirements

With regards to expansion of the company and ever increasing competition in the building material trading segment of the Czech market, Bierhanzl had decided to implement a new IS, which would fulfil the following criteria:

- Stable on-line ERP system, from a reliable supplier, allowing further expansion of the company
- ERP system that would cover the entire portfolio of Bierhanzl Group's sphere of activities from building materials retailing to sawmill production i.e. uniform interface at all branch offices
- Modern system platform based on MS Windows system
- High information security
- Fast ERP and user-friendly interface
- Possibility of quick evaluation of business transactions and miscellaneous information
- Interconnectability with other applications.

**Bierhanzl Group a.s.** management had chosen CCV to perform all these tasks using MS Dynamics NAV 4.0 and its CCV Building materials trading module in a selection procedure.

## Description of the solution

ERP MS Dynamics NAV was implemented in **Bierhanzl Group a.s.** with the CCV Building material trading module, which was utilized to manage all pivotal specific requirements for the building material trading branch of Bierhanzl. In the next phase we integrated needs of both sawmills into the **MS Dynamics NAV** system. For those branch businesses we have used “small production” platform – without basics of MRP.

### Immediate access to the data from all centrals

Due to the online concept of **MS Dynamics NAV** it is possible to access all information from all connected centrals in real time: you can check stocks in the warehouses, the value of those stocks, daily turnover etc.

### Material code-list

At the occasion of implementation of new ERP system in the **Bierhanzl Group a.s.** we have created a brand new material code-list, which is universal for all building material stores and warehouses. It is subdivided into groups and subgroups of goods, and it contains both imported materials and products coming from the production lines, items of packaging with the possibility of defining state of all items i.e. whether they are new or have been damaged in the process etc. Universal code-list ensures easy identification of goods within the entire group. But at the same time its concept allows individual centres to differ prices, “speed-dials”, attribute different suppliers to different goods, define varied minimum stocks at individual centrals etc.

### Suppliers and customers' code-list

Supplier and customers' code-lists were developed in a similar way as the material one. That enabled central administration of suppliers and customers, adjustment of business objections, and facilitated their control and supervision.

### Selling limits

As a part of the internal code of conduct it was necessary to implement a customer rating into the system while meeting selling limits across all centrals. Up to then it was necessary to perform these tasks in individual centrals, which exacerbated the controllability of the system. We have also implemented customer credit system, which assigns an amount of credit to an individual customer according to company's internal objectives. System then automatically controls whether certain customers overcome their individual limits of their credit and thereby threaten the company's stability through unsettled requisitions. It can also check whether a customer does not have a due balance and consequently notifies the seller or prevents the purchase entirely. Individual posts have varied access privileges to assigning or limiting customers' credit. MS Dynamics NAV deals with situation by using different access rights definition within the company.

### Sales management and minimal margin stipulation

Pricing is very specific for this type of industry. Each supplier sets his own pricing policies individually. Some will vary the price depending on the customer; others will set universal prices and customize them through varied discounts for final customers.

MS Dynamics NAV System with the CCV Building material trading module takes into account both these pricing systems on both the supplier's and the customer's side. There can be up to three types of different discounts, which can be arbitrarily added or multiplied. There is one further object discount, which is predominantly used in the building material trading industry.

System was further modified so that it became possible to set a minimum margin on each good and so that it wasn't possible to sell goods below the such established final price. Within the **Bierhanzl Group a.s.**, individual centre managers can, to an extend, set individual business conditions for their customers. System also checks on the salesmen – whether they follow the given minimal margins (purchasing prices). If a salesman were to issue a sale that goes below these given limits, the system will alert the management.

Prices and sales agreed in the contract with individual suppliers can be implemented into the system. For this purpose there is a special department devoted to centrally managing prices and price-lists at the headquarters. When recording and processing an order the salesman is automatically provided with an appropriate price and sales choices for that particular business partner. Sales can have time limited validity therefore special sales opportunities can be defined. Price lists can be imported into the information system which will facilitate their further management.

## Transit order

Due to the minimization of storage and transport costs, transit orders are nowadays a very popular way of trade between business partners in the building materials trading sector. It works like this: a customer orders building material from the retailer and the retailer passes that order directly on to the supplier, who will issue the invoice to the retailer but supply the material directly to the final customer. After that the retailer will issue a separate invoice to the customer for the goods supplied.

MS Dynamics NAV system with the **CCV Building material trading** module has an integrated agenda, which contains semi-automatic processing of such orders. Firstly the salesman will put the order through the system MS Dynamics NAV. Secondly after the supplier delivers all goods to the customer, the salesman can issue a receipt for the purchaser and deal with the supplier at once. All this process is accomplished in a single operation.

## Accessibility for all parties involved

The system can allow access from second and third parties. Because of that the customer is able to organize and compare their balance with business partners.

## Economies of ...palettes

System provides the customer with an agenda of palettes management. Customer is able to evaluate numbers of purchased and sold palettes and thus keep an overview of his "palettes balance" in relation to his suppliers and customers. This helps him to prevent ordering more than necessary and therefore avoid wasteful overstocking or ordering under potentially disadvantageous conditions etc.

The system automatically keeps track and discounts the attrition of packaging resulting from its usage i.e. return of the packaging is always compensated for by a sum discounted by the value of packaging attrition.

## Universal user interface

Thanks to the MS Dynamics NAV implementation everyone is working in the same interface with the same code-lists etc. All processes within the **Bierhanzl Group a.s.** were synchronized. Therefore labour mobility between individual centrals was increased due to the elimination of redundant training to operate different system at different centrals.

## Applied technologies

We considered the existing infrastructure of the **Bierhanzl Group a.s.** when implementing the new system. Where configuration of local stations was insufficient, we upgraded the platform to Windows 2000/XP. Individual branch offices are connected to the central via internet and 2 terminal servers. We used MS SQL 2000 for the system database.

## System implementation schedule

Period	Description
June – August 2006	First phase - implementation into subsidiary companies
August – November 2006	Second phase - implementation into subsidiary companies
November 2006 – March 2007	Third phase - implementation into the central and subsidiary companies
January 2007	Full operation

## Benefits of the solution

### Central system, universal material customer and supplier code-lists

Online solution contributed to the synchronization of all main and branch centrals, created universal user interface, processes and printed outputs. Common material code-list facilitated central management and created a degree of consistency between individual companies, enabled evaluation of individual warehouses efficiency etc.

Common customer and supplier code list centralized business partner management; individual supplier's conditions were now available to all warehouses according to contracts managed centrally.

### Liabilities and requisitions

Due to the universal code-list of business partners we are able to monitor individual liabilities and requisitions of different partners in real time and at all centrals. This enables the customer to make efficient decisions for example in the case when they purchase material at different centrals and risk overrunning their credit.

### User comfort and feedback

Users work in a convenient and intuitive interface, which is similar to other Microsoft's applications such as the office package MS Office, MS Outlook etc. This fact makes orientation within the system much simpler and the user can apply their knowledge of other Microsoft's products.

### Transit trading

Automatized process of transit trading has accelerated the processing times of such orders and thus made their evaluation and processing more efficient.

### Keeping track of the packaging balance

The system keeps track of packaging balance at both the customers' and the suppliers'. As a result disadvantageous re-purchase and transport of redundant palettes from the customers is eliminated. However on the customer's side it still provides a guarantee that unlikely redundant palettes will be re-purchased.

### Transport track

MS Dynamics NAV system also keeps track of the transport and therefore enables the management to check transport expenses of individual warehouses, of both external and their own transporters. In the case that transport isn't accounted for in the final price of building materials, the system allows the management to evaluate the real revenue of individual warehouses.

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