

Treadsetters: Building Partnerships with Openness, Gaining That Transparency with SAP® Business One

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Company

Treadsetters Ltd.

Industry

Wholesale distribution

Products and Services

Tires

Web Site

www.treadsetters.co.uk

SAP® Solutions

SAP® Business One application

Implementation Partner

Culex Ltd. (Chester and Cambridge, United Kingdom;
Galway, Ireland)



Treadsetters Ltd. has more than a clever name – it has a smart plan. The tire wholesaler is expanding rapidly via a two-pronged strategy. It nurtures open, transparent relationships with its suppliers and customers, gaining trusted partner status and repeat business. And it has launched its own tire line, Torque, and is building it into a global brand. The SAP® Business One application provides the company with the **business control and transparency** it needs to succeed in a business challenged by tight margins.

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Backyard garden grows into worldwide plot

Treadsetters Ltd. was founded in 1999 and has rapidly grown into one of Europe's principal tire and wheel wholesalers. It supplies truck, passenger car, and earthmover tires and wheels to customers in over 30 countries worldwide. The company wholesales a wide variety of tires, from premium brands to budget choices. It also stocks and distributes a comprehensive range of steel wheels for truck and trailer applications.

Treadsetters, which has 30 employees in Telford, England, and 5 in Germany, has a goal of establishing its tire brands into market leaders. Part of its strategy is to focus on its partners, and unlike other

tire suppliers, its involvement does not end after the sale. Treadsetters provides technical support and advice throughout the life of the tire, working in partnership with its authorized dealers. It identifies potential new businesses within dealer territories and helps encourage sales to those businesses. Treadsetters also follows up with on-site visits to customers to ensure optimum tire performance.

That's fueled a spectacular growth curve – 800% in the most recent six-year period. Further validating its recent success, Treadsetters was a regional winner of the Telegraph and HSBC Business Thinking award.

“When you say you're a tire wholesaling company, people tend to glaze over; it's not a glamorous business. But it's one that we're particularly proud of. We started from the back garden of my colleague's house in 1999 from scratch, and this year we'll turn over £80 million.”

Trefor Jones, Director, Treadsetters Ltd.

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Transparency begets more business

Treadsetters' vision revolves around attention to detail – whether it involves business relationships or business control. The company won the “business thinking” competition by emphasizing the close relationships it has established with its suppliers and customers.

“We are a bridge between the two,” says Trefor Jones, director at Treadsetters. “It’s never a confrontational relationship, but rather a good, strong business partnership. We are completely open with our partners and encourage them to be candid with us. It’s virtually an “open book” situation – suppliers know who we’re sending their tires to, customers know where they come from. Everything is completely transparent.”

That differentiates Treadsetters from firms that deposit containers filled with tires at the port and then send out invoices. And that’s where the SAP® Business One application comes in. The software provides Treadsetters with business control and performance visibility. This helps the company manage tight margins and provide partners with valued information. “We are transparent with suppliers and customers about our product; that’s where we are different. It’s an invaluable advantage, and it has really helped us to grow the business,” says Jones.

“We have to control our business and our margins very, very closely. When we started out, I could see exactly what was happening – costs, pricing, margins, everything – because we were small. Now we have a much larger operation. SAP Business One helps us keep it under control.”

Trefor Jones, Director, Treadsetters Ltd.

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Business control replaces financial solution

Treadsetters had been using a solution from Sage Software Inc. “It was financial control software, not a business management solution,” Jones says. “We want to track costs, margins, and profitability; certainly, these are financial measurements, but you control these numbers by controlling the product. Margins and costs are not, at heart, financial figures – they are our tires in a container on the water or in our warehouse.”

Treadsetters understood that financial management flows naturally from business control. “What should be driving financials are the procedures and processes surrounding the product – buying, selling, shipping, everything. It’s too late to fix something when you are finalizing the month-end financial report. You need to know there is an issue when it occurs.”

Jones also cites the SAP Business One application’s flexibility and best practices–based functionality as selection criteria. “I don’t think you can buy anything that is 100% what you need,” he says. “But with SAP Business One, I saw that we’d have the flexibility to adapt the software to how we did business. That said, we also took advantage of the software’s support for best practices.”

True to its emphasis on trusted relationships, Treadsetters also picked SAP Business One partially because of partner Culex Ltd. “We gained a lot of confidence discussing our challenges with Culex,” Jones says. “Its consultants understood what we needed as a business, and I could see us working further with the company to enhance the solution as our needs changed.”

“I wanted a solution like SAP Business One that would allow us to control the business, not simply the finances. It is the business that drives – and determines – the financial outcomes.”

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Workforce acceptance accelerates rollout

Treadsetters implemented the software rapidly, in only two months. Jones says a key success factor was workforce acceptance. “Explain to everyone why you’re installing the software, and show your people what it can do for them,” he emphasizes. “We feel training is very, very important.”

The partner, Culex, played a crucial role in the fast rollout. The firm is an independent solutions provider specializing in the implementation and development of enterprise applications for business. The company – which has two offices in the United

Kingdom and one in Galway, Ireland – has undertaken projects at a variety of companies, from small businesses with a single site to pan-European organizations requiring multicountry rollouts.

Culex began with a business analysis – an in-depth assessment of Treadsetters’ current processes and future requirements. It defined project scope. The implementation included progress reporting. At completion, all parties were required to sign off. “I wanted consistent, quality support, and I got that from Culex,” Jones says.

“Culex understood that we had a business challenge, not a computing problem. That gave us confidence. It also understood what our business needed from SAP Business One.”

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Solution is designed for small and midsize businesses

SAP Business One is an affordable business management application for small and midsize businesses. It helps companies manage core processes like sales, distribution, and financials in a single, integrated solution. Management can access complete, up-to-the-minute views of the business, enhancing decision making. The software helps firms take proactive control through automatic alerts and workflows. It streamlines operations by integrating business processes. And companies can adapt SAP Business One to support changing needs and user preferences.

Treadsetters uses the software across two distinctive business models. In one, customer orders trigger overseas production; container loads are directly shipped from the supplier to clients all over the world. Treadsetters also has a 60,000 sq. ft., UK-based warehouse where specialists take orders for stock items; next-day delivery in the United Kingdom is guaranteed.

Says Jones, “We use SAP Business One to manage inventory at both ‘warehouses’ – our conventional one and the containers at sea. We also have regular meetings where we use reports generated using SAP Business One to review sales, costs, and prices.”

“Using SAP Business One, salespeople can see the price we want to sell for, what we sold for last time, and what our full cost is – product plus shipping, duties, inland transport, warehousing, and so forth. This helps them set prices that preserve our margins.”

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Margin visibility strengthens financials

“We see our margins improving, because of the information we see via SAP Business One,” says Jones, who adds, “Our people have told us that the information now available to them is way beyond, and much better than, what they had before. This allows them to better monitor the business.”

Jones wants to keep an even closer eye on margins. To that end, Culex is helping him develop what he calls a direct order. “This is a combined sales and purchase order,” he says. “As we enter the order, we will know how much we’re paying via the supplier cost and then what we’re selling it for. We can then monitor margins as we enter the order, which I love. That’s the flexibility we get with SAP Business One.”

Treadsetters also uses the software to assess new opportunities. “We get a lot of feedback from customers about new features or products they would like to see,” Jones says. “We’ll take that information back to the supplier and evaluate the opportunity, in terms of cost, price, and margin, to see if it makes business sense.”

That highlights the core benefit of SAP Business One, according to Jones. “With better control via greater transparency, we can strengthen our partnerships and further develop the business,” he says. “We’re aiming at even more growth. SAP Business One is crucial to this strategy.”

“We have already used SAP Business One successfully to expand, helping us open a German subsidiary. The software has provided us with a foundation of standard procedures that we will use everywhere in the world.”

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Flexible solution supports add-on software

Treadsetters is currently working with Culex to use SAP Business One to better monitor the up to 250 containers it has in transit on the water at any one time. Says Jones, “We will be able to see what’s in a container, where it’s going, how much it cost us, and how much we’re getting for it. We can click on all the cost elements – shipping, customs, land transport, and so on – so we know exactly what our margins are at the end.”

Treadsetters also wants to streamline its processes via e-commerce. Currently, it enters orders manually into SAP Business One; it’s evaluating a proposal from Culex to change that. “Customers would order online, and the order would transfer automatically into SAP Business One,” Jones says. “Self-service features would also allow clients to view order status – what they have on the water, the estimated delivery date, and so forth. We already have these reports. There’s no reason they shouldn’t be available to customers on the Web.” Says Jones, “That’s the kind of flexibility I count on with SAP Business One.”

