

CASE STUDY: CHURCHILL CHINA

WHY PARK CITY GROUP IS CHURCHILL CHINA'S CUP OF TEA



Churchill China markets earthenware and bone china products to major retailers such as Sears and Bloomingdales, for the home market.

The company also manufactures china and ceramic ware for the restaurant and hotel markets. Headquartered in Stoke on Kent, England, the 1,000-employee company designs, sells, and distributes thousands of SKUs.

Although Churchill still does some of its own manufacturing, a substantial part of its business involves in-house design and sales, with manufacturing outsourced to third parties all over the world.



CLIENT:

"Forward forecasting the old way took an hour to make one profile. Today, with Product Profiling, we create 45 profiles in a half a day."

-Alistair Henderson, Network Manager
Churchill China

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CHALLENGE:

NO BULL IN THIS CHINA SHOP

New product launches account for about 40% of Churchill's revenues. According to Network Manager Alistair Henderson, the company introduces new products at a rate two to three times faster than it did just a few years ago. Why? "Nowadays people buy china and pottery every day, not just for weddings," says Henderson. "People paint their kitchens a new color, now the dishes must match." With more and more sources for home design information, such as cable television shows and web sites, more consumers than ever are redecorating their homes – and buying new tableware to match. While this trend increases sales volume, it generally lowers prices and trims profit margins. That's why companies like Churchill need the most accurate reporting and forecasting possible.

With lead times of up to 82 days, pop culture trends sparking new products all the time, and thousands of items to manage, Henderson says Churchill needed a good forward view of sales. Until recently, creating product profiles to generate decent forecasts was time consuming. "It took a lot of numbers crunching," recalls Henderson – a lot of "This product is like that product." That's a cumbersome process – especially when you're nearly always introducing new products. It was hard for the china maker to keep all those plates in the air.

As soon as people at Churchill – which had been a Park City Group Demand Planning user for several years – saw the new Product Profiling module, they knew they had a winner. "We had a good relationship with Park City Group," recalls Henderson. "And we got the new module as soon as it launched."

SOLUTION:

IT OPENED PEOPLE'S EYES

Once the artists complete their work on a new product and the sourcing team gets the best manufacturing deal, the planners get to work. First they work with the business managers to determine price points. Next, they build profiles to compare new product to old ones. These comparisons give sales directors a heads-up on projected sales three to nine months in the future. And they help generate accurate orders.

Park City Group Product Profiling helps Churchill build profiles faster: The old way, creating a profile took up to an hour. Today, with Product Profiling, creating a profile is about ten times faster. And Park City Group Product Profiling helps Churchill get a better look at future sales: "It shows us peaks and troughs," says Henderson. "It shows how product introductions actually worked. It opened people's eyes."

Most of Churchill's retail customers have two launches a year, says Henderson. "We're constantly in a new product cycle, so we need forward forecasts constantly."

RESULTS:

TAPPING INTO THE FUTURE

Product Profiling helps Churchill bring new products to market. It gives business managers unprecedented insight into future activities through promotions and seasonality reports, life cycle analysis, and pipeline-fill requirements. Product Profiling can predict when a new coffee mug will become profitable; it can tell how long profitability will continue; it can even price the mug for its eventual phase-out period. Chances are, Churchill knows when this year's teenage pop sensation's popularity will arc based on when her coffee mug will phase out. And that's thanks to Product Profiling.

With Product Profiling, Churchill's planners can look at demand for all new tableware introduced over the last few years. They can limit the analysis to the initial periods of demand for each item, to see how they sold immediately after introduction. Planners can look at actual demand data for each new coffee mug introduced in the past three years. Or, they can look at historical demand for products that share attributes similar to a new product, and use that data for production planning.

What's on the horizon for Churchill and Park City Group? Henderson says he plans to use Product Profiling to help determine whether or not to introduce a new product, based on the revenue it's likely to generate. Churchill will use the Park City Group Sales & Operations Planning (S&OP) module to provide an enhanced corporate-wide view into future revenue. Ultimately, Churchill plans to use Park City Group to generate company-wide orders and a "one number" forecast for the entire organization.