



Microsoft Dynamics Customer Solution Case Study



ERP Solution Helps Global Distributor Manage Environmental Performance

Overview

Country or Region: United States

Industry: Distribution—Household goods

Customer Profile

For 20 years, Burlington, Vermont-based Seventh Generation has been committed to becoming the world's most trusted brand of environmentally responsible products for healthy homes.

Business Situation

To build its core values more deeply into its IT infrastructure, Seventh Generation sought to implement an enterprise resource planning system to track the environmental performance of its operations.

Solution

Microsoft® Gold Certified Partner SCS helped Seventh Generation implement Microsoft Dynamics® NAV and add attributes to help the company analyze product composition, packaging, and transportation.

Benefits

- Increased environmental and social awareness
- Improved planning and supply-chain management operations
- Enhanced reporting and decision making

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Jeffrey Hollender, Founder and Chief Inspired Protagonist, Seventh Generation

A pioneer in socially responsible business practices, Seventh Generation is the leading distributor of home cleaning, personal care, and baby products made from natural, recycled, or renewable materials. The company constantly seeks to minimize its environmental impact. Seventh Generation sought an enterprise resource planning solution to support its supply chain more efficiently, including monitoring the environmental impacts of its suppliers and individual products. With help from Microsoft® Gold Certified Partner SCS, Seventh Generation implemented Microsoft Dynamics® NAV with added functionality to track carbon footprint, safety of ingredients, and efficiency of packaging and transportation throughout its supply chain. With Microsoft Dynamics NAV, the company automated business processes and streamlined supply-chain management while pursuing its mission of corporate responsibility.



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Helen Russell, CEO, SCS

Situation

Seventh Generation has long been aware of a truth that most other organizations are only now beginning to realize: It's not enough to focus simply on the financial bottom line; successful, sustainable companies must also acknowledge—and closely manage—the social and ecological impact of their operations.

As a distributor of environmentally friendly household products, Seventh Generation is a pioneer in socially responsible business, delivering products manufactured only from recycled or renewable materials that use nontoxic ingredients. In addition, the company constantly searches for ways to minimize the environmental impacts of its operations. “Seventh Generation adheres to a model of deeper business purpose, where bottom-line growth is merged with the larger goal of trying to make a difference in the world,” says Jeffrey Hollender, Founder and Chief Inspired Protagonist of Seventh Generation. “We believe that what we stand for is more important than what we sell.”

Until recently, the mainstream business and investment community might have considered this socially conscious mindset a radical departure from typical corporate behavior. But, that view is shifting as more companies acknowledge the need to serve a broader set of stakeholders in addition to their own shareholders. Following in the footsteps of Seventh Generation and others, more companies are beginning to recognize that sustainable business can be good business, as practices that some viewed as too costly or altruistic can contribute positively to the corporate bottom line.

For Seventh Generation, remaining true to its mission while operating a profitable company hasn't been easy. As the company has experienced, increasingly complex supply chains make it difficult to monitor the social and ecological impacts of a company's

operations. Aggregating environmental data for a multitude of suppliers and suppliers' suppliers requires a level of transparency and reporting that can be extremely difficult for companies to achieve.

Demonstrating corporate responsibility can also add complexity, requiring companies to report results against a “triple bottom line,” which quantifies not only financial performance, but social and environmental performance as well. This additional monitoring and analysis can strain a company's business systems, exponentially increasing the demands on enterprise resource planning (ERP) and financial applications, and the personnel that traditionally manage the supply chain and financial reporting.

For Seventh Generation, this challenge was compounded by an aging ERP system that lacked the capacity to integrate line-of-business systems or automate purchasing, logistics, and other critical business functions. Employees used spreadsheets to maintain current inventory, sales, and financial data, and relied on e-mail and paper-based workflows to distribute this information across the organization. The system lacked the capacity to provide inventory and supply-chain visibility, making analyzing and tracking the potential environmental impact of each product the company sold practically impossible.

As it sought to sustain business growth in a socially responsible fashion, Seventh Generation decided to update its ERP system to improve supply-chain management, automate business processes, and facilitate enhanced internal collaboration and data exchanges with business partners. In addition, Seventh Generation saw an opportunity to build environmental management more deeply into its core infrastructure by implementing systems that

would more directly reflect its corporate values. To maintain corporate responsibility, the new ERP system would need to support several additional processes and allow analysis of a broader set of product and supplier data, including:

■ **Product design and formulation.**

Seventh Generation sought new ways to track suppliers' and vendors' materials and manufacturing methods to ensure that the products Seventh Generation distributes are the safest possible for consumers and the environment.

■ **Product packaging.** Seventh Generation needed a system to evaluate and report on product characteristics for rollups by cost and by environmental attributes, such as recycled content or environmental rating.

■ **The company's carbon footprint.** The system would enable Seventh Generation to monitor and report on its own company operations, such as the impacts of transportation and delivery of products to market.

Solution

Seventh Generation selected Microsoft Dynamics® NAV because of the business management solution's impressive comprehensive ERP functionality and its ability to support the company's core environmental values. "When it came time to choose software for our ERP system, our IT department selected Microsoft, and I was not about to stand in the way," says Hollender. "When a team from Microsoft headquarters showed up in our office wanting to discuss sustainability and corporate responsibility, well, that kind of blew my mind. I guess I shouldn't have been surprised that the team was both serious and knowledgeable. This, after all, was Microsoft."

Jennifer Pollard, a Senior Product Manager with Microsoft Dynamics, explains the commitment to enabling corporate social responsibility in Microsoft Dynamics business

management solutions. "Traditional ERP systems are quite good at meeting economic reporting requirements. However, it's becoming clear that social and environmental performance are inextricably linked to financial performance and can no longer be viewed in isolation. That is why Microsoft Dynamics is extending the reach of traditional ERP to include management and analysis of the environmental aspects of a company's operations."

Implementation

Seventh Generation implemented Microsoft Dynamics NAV and the following functionalities:

- Financials
- CRM
- Advanced Warehouse Management
- Manufacturing
- Supply Chain Management
- Shipping
- HR Management

"Microsoft Dynamics NAV covered 95 percent of our business needs straight out of the box," says Nancy Stoddard, Vice President of Information Technology at Seventh Generation. "And, since the solution is flexible and easy to tailor and will accommodate future growth, we'll be able to adapt the solution as the company grows."

A critical aspect of the selection process was identifying an implementation partner that shared the company's commitment to corporate responsibility. Seventh Generation selected Santa Monica, California-based, Microsoft® Gold Certified Partner SCS based on the partner's knowledge and experience with Microsoft Dynamics NAV and ability to minimize the environmental impacts of the engagement. SCS used "green" business practices throughout the engagement, for example, using Microsoft Office Live Meeting and Microsoft RoundTable™ video-conferencing devices to reduce travel

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requirements and tracking the carbon footprint of the implementation from start to finish.

“For over a decade, SCS has brought innovative software technologies to meet the business needs of companies specializing in green technologies and products, organic foods, and alternative energy,” says Helen Russell, CEO of SCS. “Seventh Generation’s selection and implementation of Microsoft Dynamics NAV is a resounding example of technology and innovation used to enhance the environment and increase a business’s effectiveness and bottom line. Microsoft’s strong commitment to sustainability makes them the perfect partner in working with Seventh Generation.”

Paperless Office

SCS integrated Microsoft Dynamics NAV with Seventh Generation’s existing business applications, including Microsoft SQL Server® 2005, the 2003 Microsoft Office system, Microsoft Exchange Server 2003, and Microsoft Office SharePoint® Server 2007. Common interfaces and the ability to share data among applications enabled Seventh Generation to centralize management of product information that had previously been isolated in numerous spreadsheets. “By integrating Microsoft Dynamics NAV with our existing systems, we gained a complete solution that fit well with our needs as a distribution-intensive company.”

Shipping and Transportation Optimization

Seventh Generation has dramatically increased the efficiency of load planning and shipping, relying on containerization functionality with Microsoft Dynamics NAV to optimize distribution operations. Customized load planning lets Seventh Generation plan shipments in a way that most efficiently fills transport vehicles before releasing them. System alerts and notifications flag inefficient

loads to ensure that containers or vehicles do not leave with a less than efficient load.

In addition, the solution’s ability to handle drop-shipment of orders, which allow for shipping direct to the customer—cutting out the middleman and extra transportation costs, both monetary and environmental—also supports the company’s sustainability goals.

Environmental Reporting

To support its specialized environmental reporting requirements, Seventh Generation added custom attributes to the database in Microsoft Dynamics NAV that let the company better track materials, ingredients, and packaging. With these attributes, Seventh Generation can analyze and report on factors such as sources, sustainability, percentage of recycled material, and greenhouse gas burdens of each component and more accurately determine the ultimate sustainability of the final product itself.

In addition to providing visibility into a product’s specific environmental footprint, Seventh Generation can use Microsoft Dynamics NAV to track the energy cost and other impacts of individual products from production at manufacturing partner facilities to the hand of the consumer. This enables Seventh Generation to assess the total greenhouse gas burdens and other environmental and social impacts associated with each stage of the process.

For Seventh Generation, this level of traceability and transparency is critical to ensuring that products are made in the most fully conscious and environmentally benign way possible. This insight also enables the company to obtain a more accurate evaluation of the costs associated with altering the ingredients of a given product or family of products to meet its own high standards for sustainability.

Benefits

Combining strong process management, analytics, and reporting capabilities with an easy-to-tailor platform, Microsoft Dynamics NAV enables Seventh Generation to pursue continued growth. In addition, the company relies on the solution to increase its capacity to improve performance against social and environmental sustainability goals.

Increased Environmental and Social Responsibility

Automating business processes and significantly reducing its reliance on paper has enabled Seventh Generation to more fully exemplify the principles on which the business was founded. “A 500-sheet ream of paper takes approximately 100 pounds of CO2 to produce,” explains Stoddard. “Relying on electronic communications with vendors and customers not only saves paper, it reduces truck fuel and emissions, eliminates the cost of stamps and envelopes, and saves time.”

The ability to track and analyze hundreds of additional data points within Microsoft Dynamics NAV reduces the environmental and social impacts of the company’s products throughout the entire life cycle—from manufacturing, to warehouse, and to distribution. In addition, tracking and analyzing enables Seventh Generation to grow in a sustainable fashion—remaining confident that its existence will not have an adverse effect on future generations—without sacrificing the financial viability of the company.

Improved Planning and Supply-Chain Management

Insight into inventory data lets employees provide better information to the company’s manufacturing partners, warehouses, and customers, reducing inventory aging and improving time-to-delivery. The availability of consistent, real-time data throughout the

company enables better planning and customer service, as employees rely on inventory available and “capable to promise” when accepting orders. “Microsoft Dynamics NAV has helped us streamline inventory planning, logistics, and order processing,” says Stoddard. “Now, we can work more efficiently across our entire organization and better serve our customers.”

Enhanced Reporting and Decision Making

By combining numerous business functions and aggregating product, customer, and operational data in a single, centrally managed solution, Microsoft Dynamics NAV provides employees across Seventh Generation with a complete, comprehensive view of the business. With Microsoft Dynamics NAV, Seventh Generation employees can track and instantly report on an array of data points, including profitability by product, customer, vendor, and sales region, as well as environmental qualities by item, carbon footprint, and more.

Access to data and analysis tools also enables Seventh Generation to respond to opportunities more rapidly and to move products faster to meet growing demand, leading to increased revenue and cash flow. “Microsoft Dynamics NAV has enabled Seventh Generation to move from entering data and managing spreadsheets to proactively making business decisions that are formed by accurate, insightful information,” says Russell. “We hope this solution will become a model for other distribution companies around the world to save and make money while, at the same time, be socially conscious of the Earth.”

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about Seventh Generation products and services, call (800) 456-1191 or visit the Web site at: www.seventhgeneration.com

For more information about SCS products and services, call (800) 655-5284 or visit the Web site at: www.scsdynamics.com

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics

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