

Traditional Medicinals Uses New ERP as Launch Pad for Growth

CASE STUDY

armanino 

At A Glance

Customer Profile:

Traditional Medicinals is the leading medicinal, organic, and fair trade herbal tea company in the U.S., with more than 60 varieties of wellness teas sold in more than 70,000 stores. As it began expanding its line of wellness products beyond tea bags, the company realized that its 17-year-old ERP system could not keep up with the growth. Working with Armanino, Traditional Medicinals deployed Microsoft Dynamics 365 to improve efficiency, scale operations, automate manual processes and electronically connect with co-manufacturers.

Software & Services

- Microsoft Dynamics 365 for Finance and Operations
- Armanino consulting, implementation, and integration services
- Armanino Managed Services

Benefits

- Gained better visibility into inventory and greater efficiency in the warehouse
- Dramatically improved accounts receivable and accounts payable processes
- Significantly decreased the amount of paper being used and stored

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Challenge

The herbal teas from Traditional Medicinals have been bringing plant power to people since 1974. A Certified B Corporation and California Certified Green Business, Traditional Medicinals is the leading seller of wellness tea in the U.S. and the pioneer of the wellness tea category in the U.S. and Canada.

The company believes in a triple bottom line—focusing on people, the planet and profit. To that end, Traditional Medicinals is on a growth trajectory, with double-digit increases in topline sales. Part of its growth strategy includes introducing new products such as ready-to-drink teas, herbal lozenges and wellness foods through partnerships with co-manufacturers. With the company’s product portfolio expected to double in size in the near future, it was time to say goodbye to its 17-year-old enterprise resource planning (ERP) system and move to a modern, flexible and scalable solution.

“It became obvious that achieving our growth goals meant investing in a new ERP system for the company,” says Scott Kenney, IT director for business systems and project management at Traditional Medicinals. “The right foundational system would enable us to automate many manual processes in our plant and back office, as well as electronically connect with co-manufacturers.”

The first step for Traditional Medicinals before selecting a new ERP system was to take a deep look at how the company functions, mapping out in detail all of its business processes. This gave the project team a clear understanding of the requirements for the new system. The team used that insight to create a detailed request for proposal that it sent to a short list of potential ERP solutions.

Solution

“First and foremost, we wanted to make sure that the ERP system we implemented could grow with us and handle our needs well into the future without requiring any customizations,” says Kenney. “The other critical element for us was that the system had to deliver a good user experience and not be intimidating for anyone in our company to use.” After scoring each vendor’s solution and participating in hands-on demonstrations of the two finalists, Traditional Medicinals chose Microsoft Dynamics 365 for Finance and Operations (formerly Dynamics AX).

It was clear from the start that Traditional Medicinals did not intend to deploy the new platform on its own. “Implementing a new ERP system is not something you do every day, so we knew we needed a partner for whom deploying core systems is an everyday occurrence,” says Kenney. That’s why the company turned to Armanino—one of the 25 largest independent accounting and consulting firms in the U.S. and one of the nation’s largest Gold Certified Microsoft Dynamics Partners—to

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implement the new solution and help Traditional Medicinals adopt new technologies to transform its business.

Kenney believes that a key success factor for the project was establishing a weekly cadence with the Armanino consulting team and subject matter experts and functional leaders from Traditional Medicinals to ensure tight communication, execution and overall alignment. “As part of those meetings, we conducted ‘conference-room pilots,’ which gave us hands-on experience using the software while running various scenarios,” he says. “This was a very effective way for us to build up our experience with the system over several months’ time, and it gave Armanino better insight into how we run company processes.”

When asked about the engagement, Kenney offered ready praise for the consulting team. “The consultants from Armanino were very attentive and ready with answers to our questions,” he says. “They are truly experts at what they do.”

Results

With the successful implementation of Dynamics 365, Traditional Medicinals can leverage the technology to adapt to new market demands, streamline processes, and use data and its systems to every advantage. The company is already beginning to reap the benefits of its efforts, including:

- Efficiency improvements throughout the business
- Better visibility into inventory
- Dramatically improved accounts receivable and accounts payable processes

In the warehouse, the new ERP system automated many processes that previously were paper- and spreadsheet-based, such as managing inventory and raw materials. “We used to print out a pink piece of paper that signaled raw material was coming into the plant,” says Kenney. “Now, with the warehouse management functionality in Microsoft Dynamics, our shop-floor personnel execute transactions online, in real time, instead of waiting until the end of the day for someone in the back office to close work orders, backflush raw material, and execute inventory moves.”

The new system supports automated electronic data interchange (EDI) transactions with Traditional Medicinals’ distribution centers to increase supply chain productivity and accuracy. It also decreased the amount of time it takes Traditional Medicinals to generate transfer orders and enter sales orders. In addition, the new system enabled Kenney and his team to implement engineering change controls to enforce proper quality input and formulas in the ERP.

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The amount of paper being saved is also an important benefit for a company committed to sustainability. With the majority of the manual, paper-based processes now online and automated, “large volumes of paper and filing cabinets can go away” says Kenney.

Next Steps

With the foundational ERP system in place, Traditional Medicinals has a roadmap of other technology projects to help support company change and growth. First on the list is a new data warehouse and business intelligence project with Armanino that will bring together internal and external data, such as point-of-sale data from retailers, for sophisticated analysis and reporting on finished goods.

Other planned projects include: a laboratory information management system (LIMS) integration, an FDA 21 CFR Part 11 compliant e-signature approval capability, human resources functionality, automated bank reconciliation, travel and expense management, and automated workflows for purchase requisitions/orders.

“An ERP system can really make or break your business,” says Kenney. “My advice for anyone considering moving to new software like Microsoft Dynamics is to just do it, but make sure you do it right.”

About Armanino^{LLP}

Armanino provides an integrated set of accounting services—audit, tax, consulting and technology solutions—to a wide range of organizations operating both in the US and globally. You can count on Armanino to think strategically, to provide the sound insights that lead to positive action. We address not just your compliance issues, but your underlying business challenges, as well—assessing opportunities, weighing risks, and exploring the practical implications of both your short- and long-term decisions. When you work with us, we give you options that are fully aligned with your business strategy. If you need to do more with less, we will implement the technology to automate your business processes. If it’s financial, we can show you proven benchmarks and best practices that can add value company-wide. If the issue is operational, we’ll consult with your people about workflow efficiencies. If it’s compliance, we’ll ensure you meet the requirements and proactively plan to take full advantage of the changes at hand. At every stage in your company’s lifecycle, we’ll help you find the right balance of people, processes, and technology.