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Customer Profile: The Nailco Group, Inc.

Request Management to Control Expenses

What started as a counter in a health and beauty store in 1985 has grown into The Nailco Group (TNG), an \$80+ million family- owned business. TNG serves its customer through its mail order catalog, extensive web sites, 25 The Industry Source Stores and The Industry Source Too stores in Michigan and Ohio, and The Industry Source Exclusive full service division with Beauty Experts.

Besides nail care products and equipment, the business has evolved to selling hair care products such as Matrix and L'Oreal Professionnel, indoor tanning equipment and lotions, and spa furniture and design services. The company manufactures select products under the brand names FPO and TIS PRO, and publishes a magazine for industry professionals called The Industry Source magazine.

As the company continued to grow and establish offices in numerous locations around the country, management found it needed an automated system to process and track supply purchases and requests, as well as account for these items as they were being requisitioned.

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The Challenge

- Replace TNG's credit card expense reporting system with an automated solution that would require approval for acquisitions.
- Find a way to track, process and approve all company expenses in a uniform, methodical manner.

Activation Summary

- Nailco went live with Integrify in its finance department in early 2006.

The Integrify Solution

Many of Nailco's 325 employees were using credit cards to make work-related purchases. However, 30 days later when the bills arrived, it was often difficult to determine what had been bought, by whom, and why. In addition, the finance team did not want to issue a credit card to every individual employee who was responsible for making acquisition decisions and they needed a more flexible alternative that would not hamper employees in their day-to-day responsibilities.

"It was difficult to corral everybody and make them understand they needed to retain the necessary information so the items could be recorded properly," said Brad Kellett, Chief Financial Officer, The Nailco Group. "We saw Integrify as a means to an end, as a solution to these problems."

The Integrify solution was originally chosen by the IT department for request management, but when Kellett learned of its features and benefits, he decided it would be the right solution for TNG's finance department because of its built-in hierarchy and its ability to collect and track all the information regarding acquisition postings.

Integrify is a flexible Enterprise Request Management (ERM) system that allows companies to automate requests and streamline processes. The solution provides form creation, routing definition and tracking tools to those responsible for processing requests, minimizing data entry and simplifying requests for approval and fulfillment. Integrify is web-based, allowing for easy user accessibility and management of business processes. The solution eliminates problems typically related to labor-intensive processes such as manual paper handling and email requests, and can reduce costs per transaction 60 to 90 percent as opposed to paper-based processes.

By allowing a company's employees the most efficient means to access, submit and obtain fulfillment for requests, an organization can offer the best possible level of service to its customers. With Integrify, efficiency gains are immediate and most companies can expect a return on investment (ROI) in three months or less.

Seventy designated users at multiple locations are currently using Integrify to automate TNG's acquisition approval system for non-inventory-related acquisitions that are at least \$200 in cost, and do not have a contract associated with them. Up to 50 requests are processed each month.

The Benefits

Because the Integrify system is available through the company's intranet, one of the most important benefits has been the access it provides to employees no matter where they are located. Employees are happy with it because they get approval right at their desktop rather than having to take time out of their day (or days) to hunt down the appropriate manager for authorization.

In addition, the flexibility of the Integrify system allowed Nailco to customize the acquisition approval process according to the needs of each department involved. "Each department has its own hierarchy and we can maintain that," said Kellett.

Because of the tracking and extensive reporting capabilities, the system also allows the finance department to keep a close watch on expenses that may affect the profitability of the company.

“It offers comfort for the concern that appropriate things are approved before the acquisition takes place,” said Kellett. “The economy is a little tough right now so we’re paying very close attention to the expenses that our company incurs.”

Nailco has a two-phase approval process based upon the size of the expenditure. In the past, if an employee needed to make a purchase for a particular department, he would have to find someone with a company credit card, get the credit card number, make the acquisition and be responsible for keeping track of that purchase so it could be located on the card’s bill later on in the month.

But once a proper hierarchy was set up within Integrify, anyone in any department could go online, get into the system, enter the information required for making an acquisition, and not long after, receive notification via email if the purchase was authorized. Once the acquisition is approved, the system creates a purchase order number that gets e-mailed to A/P as well as to the person who made the transaction so it can be past on to the vendor as a reference # for the purchase. Integrify allows employees instant access to making purchase requests and a way to track the approval of those requests, while providing Nailco’s finance department a single storehouse for all acquisition information.

ROI

For Nailco, implementing Integrify has helped it track expenses and formalize a process that could easily have gotten out of hand. Taking into account the inefficiency cost of the paper- and memory-reliant system the company previously used, much of the benefit reaped by the company has been in the tighter control of expenses which in turn can affect profits.

“When the system is used as it’s designed to be used, it’s going to save time and make the transactions accurate,” said Kellett. “That’s the two major benefits we see from using Integrify, and that alone provides a significant return on our investment.

“Right now it definitely satisfies the need that we have, and as the company continues to grow, we’ll grow the product use as well.”



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