CASE STUDY

Enable gives MKM Building Supplies the power of trust

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When your branches are owner-occupied and every penny matters, how do you know which product lines are profitable or not? That's why MKM turned to Enable: to gain better visibility, faster, and improve trust with their branch owners.

CUSTOMER:

M.K.M. Building Supplies (Holdings) Ltd.



INDUSTRY: Building Supplies and Builders' Merchants

LOCATION:

United Kingdom

SOLUTION:

DealTrack by Enable for rebate management and contract support

Founded in 1995, MKM Building Supplies Ltd distributes construction materials through branches across the United Kingdom.

The leading independent builder's merchant in the UK was started by an entrepreneur who took a leap of faith after having been made redundant at the age of 50. Since then, the organisation has grown by hand-picking branch directors with strong customer relationships and local knowledge. Branches are run by owner-managers with a 25% equity share in their branches and the organization operates with a very entrepreneurial mindset.

Because of their strong supplier and customer relationships, MKM is pretty confident that they are managing supplier and customer rebates accurately — so what made them decide to investigate rebate management software? In short, they wanted more granular access to their data on a more regular basis: weekly or even daily.

"We are looking at rebates and contract management support — we call them claim backs — on a monthly basis to see the screen margin (before rebate) and through margin (after rebate)", says Jon Samuel, Commercial Manager. However, he knew there had to be a better, faster way of doing it. "Because we're only doing them on a monthly basis we were waiting to see the through margin. We'd wait until the 10th of the next month. By then there's not much you can do about the previous month because it's done."

WHY DID THEY CHOOSE ENABLE?

MKM chose Enable because of a combination of "the people, the experience, the system and the sector-related experience", as Jon puts it, as well as Enable's entrepreneurial spirit which struck a chord with MKM. "We chose them because of confidence in the guys — we were speaking to the person who built it — the founders", says Jon, who adds, "we liked the team, we had confidence in the consultant and Peter Hindle and the system looked great as well."

MKM were also confident that Enable had relevant experience in their sector, since Enable was already working with other, larger merchants.

WHY IS ACCURATE REPORTING SO IMPORTANT FOR BRANCHES?

"The guys having visibility of through margin allows them to make decisions on a day-to-day basis from a credit risk point of view. They can change their business in a month if they have too much of commodity items, for example, or not enough of others. It's absolutely critical and key to our longer-term strategy."



"We were confident we were accruing rebates but the up-to-date reporting was most important for us. If we found rebate we were missing along the way, that was a bonus for us, really."

Jon Samuel, Commercial Manager, MKM Building Supplies Ltd.

PART OF A LARGE BUSINESS STRATEGY

In order to improve decision-making and work towards "trying to ensure the branches have all the info they could ever need, when they need it", as Jon puts it, they needed more accurate, more timely reporting. "If you're selling a product that could go into negative screen margin, you want to have the confidence that you are making money when everything else comes back in. If it's low margin, you want the confidence that it's worth doing."

While the journey towards 100% accurate reporting with Enable is not yet complete, Jon says that, "Once we get that, we'll pass it to the branches on a daily basis — it will give them confidence that their business for the month is profitable."

WORKING TOWARDS TOTAL BUSINESS VISIBILITY

Building a bigger picture with the information in their systems is part of their data strategy, says Jon. "Enable fits in with that perfectly. We have all sorts of different systems from finance to the telematics in our trucks -that we're trying to piece together. That's why the data is important to us."

Having compared data from different systems, they are comfortable that both are giving them the same information about their rebates, so they are now using Enable as an engine to feed into their central data repository.

LEARNING FROM CHALLENGES

While MKM is using Enable successfully now, the journey has had its challenges along the way. "We were frustrated with the pace of it at the start, that's just because of the entrepreneurial vision of our business" says Jon. Initially Enable worked in six week stints for each new product release, as other software industry releases often do. But when Enable realized it was frustrating for their customers, they changed it. "They've listened to the customers and ditched the process now and have done something different which is brilliant. They've changed the way they're structured and things can move more quickly if it's possible to do that." He adds, "As I look back now, really, it's all been positive."

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Jon Samuel, Commercial Manager, MKM Building Supplies Ltd.

HOW IS ENABLE WORKING?

Unlike many companies who choose to use rebate management, MKM was actually glad to know their rebates and rebate accruals were accurate — and Enable helped them confirm this. "We weren't owed a lot of money from the past three years, which is great" says Jon.

The final stages of getting 100% visibility are now in place. "The second part, the through margin, is not with Enable now," says Jon, "it's just with our techie team. We just need to make the rest of it work."

WHAT HAPPENS NEXT?

"Rebate is great", says Jon, "but it's not the full picture. The fact that they're working with us to go further is really exciting."

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Enable is actually working with its customers to extend the functionality available in DealTrack to handle contract support.

Ultimately, the goal is to have "three systems working together: our trading system which will be picking up everything we do on a daily basis; and a rebate and contract support instance from Enable, and that will all feed into Qlik". This will give MKM all the information and data exchange to get margin, including contract support.

FROM 95% TO 100% VISIBILITY

"For 95% of our suppliers the through margin will be accurate with just the rebate," says Jon. But that wasn't good enough for MKM or for Enable who wanted to know how they could get MKM to gain 100% visibility.

"They've listened to us, are working with us, and have said, 'If you're not getting it 100% right, how could you? How could we help with that? Good collaboration, really."

WHY CONTRACT SUPPORT IS SO IMPORTANT FOR MKM

Jon explains why a contract support module is so important for MKM, "For certain sales, even after the rebate, we don't make enough money. But the supplier will guarantee us a margin percentage — say 20%. So once we go below a certain sales value we need to go into contract support. When this happens they remove the rebate, but give us contract support to a guaranteed margin. We need that as the final piece to track everything accurately."

"Having this ability to view all sales from the beginning to the end of the supply chain process is absolutely critical for us. Enable has certainly made that process much more accessible. They've made it significantly simpler."

BENEFITS OF ENABLE

In summary, Jon says, "The accuracy of the data, of the accrual, the fact that we can be confident and therefore collect our debt quicker, and it's enabling us to see the through margin. Those are the three big things for us and together they help us make commercially-informed decisions from the products, to the suppliers, to the customers, rather than going in a little blind as we have in the past."

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GIVING MKM CONFIDENCE TO APPROACH THEIR SUPPLIERS AND REDUCE DEBTOR DAYS

Enable has given MKM one last point of value: "We've had confirmation that our accruals are accurate. Enable produces a debtor list. Because we're confident in the numbers we're more confident to go to the suppliers.

In the past, we've waited for the suppliers to say how much they owed us. If it was accurate, great, if it was less, we'd argue the point. Now we're confident in the numbers so we'll go out and ask for them. It's helped us reduce the debtor days. We're ringing them and saying, "you owe us this, let's have it". Clearly from a cash point of view it's better."

CONCLUSION: WHY WOULD MKM RECOMMEND ENABLE?

In conclusion, Jon says, "From a software and a people point of view, they're a great business to deal with.

It's a combination of the people who understand the industry, which helps because, from the outside, it can be quite complicated and convoluted; and that you're dealing with the people who are the founders of the business. From our point of view that makes a massive difference."



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