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Holiday Creations Sees the Light

A holiday lights manufacturer takes a shine to its new export management system.

By Merrill Douglas

With strings of colored lights, LED Christmas trees, and animated decorations, Holiday Creations brightens the world in the dark winter months.

For a long time, though, the company was stuck in the shadows as it tried to keep an eye on its Asian manufacturing.

That changed in 2007 when Holiday Creations flipped the switch on a Web-based export management system. The solution, from QuestaWeb, Westfield, N.J., shined new light on supply chain transactions on both sides of the globe.

Holiday Creations makes seasonal decorations based on light-emitting diodes (LEDs), and sells them in more than 15,000 retail outlets in the United States and Canada.

Headquartered in the Denver area, the company maintains a Hong Kong office to manage its relationships with the Chinese factories that manufacture its products.

In the past, the U.S. and Hong Kong offices each used a different computer system, with no direct communication between the two. To relay a change to an order, ask a question, or provide a status report, each office relied mainly on e-mail. But sending messages across 14 time zones is not conducive to a quick response.

"The communications gap spanned a full business day," says Greg Scala, vice president of operations for Holiday Creations.

The disconnect between the two systems also created redundant data entry. The Denver office would take orders from retail chains, enter them locally, then e-mail the information to Hong Kong.

Staff there would re-enter those orders in their system to create purchase orders for the factories. When an order was ready to ship, the Hong Kong system generated the export documentation.

"One person entered data in the United States, another entered it in Hong Kong, and mistakes were made," Scala says. One error in recording a price or quantity can cost thousands of dollars, so every inaccuracy exposed the company to risk.

Officials at Holiday Creations started looking for a technology solution that would enable staff to enter data just once, making the status of all orders visible to both offices in real time. "We evaluated a few systems," Scala says.

"But we decided on QuestaWeb because its people were willing to help us tailor the software to our specific business needs."

Import or Export?

TradeMaster^{QW}, QuestaWeb's integrated global trade suite, includes modules for importers, exporters, freight forwarders, customs brokers, and warehouse operators.

Holiday Creations chose the export module, ExportManager^{QW}, instead of the import module, because of its business model: rather than import products from China to a U.S. warehouse, then distribute them to retailers, Holiday Creations delivers containerloads of product to customers' consolidators in China for shipment directly to the customer. That makes Holiday Creations an exporter.

The heart of TradeMaster^{QW} is a database that contains all the information related to a company's products, including the necessary data for preparing import and export documents. This information might include, for example, Harmonized Tariff Schedule (HTS) numbers and Export Control Classification Numbers (ECCN).

Many companies also attach specification sheets to products in the database. That way, they can show all the factors that went into specific product classifications if customs officers ask for an explanation.

"If a company has the bill of materials in the system, and customs asks to see every product that was made with a particular part, for example, a query of the system will bring up the entries that contain it," explains Wayne Slossberg, vice president at QuestaWeb.

Holiday Creations started implementing the ExportManager^{QW} system in January 2006 and went live in February 2007. The project took more than one year because company officials decided to build their product database - with its thousands of SKUs - from scratch, rather than import it from their legacy system.

"We had a lot of old information in that database," Scala says. Editing it would have taken even longer than re-creating it.

Some companies, however, get the system up and running in as little as six weeks. Once a company decides to implement TradeMaster^{QW}, QuestaWeb performs a gap analysis to determine which business processes the system can accommodate out of the box and what QuestaWeb needs to customize.

QuestaWeb also determines how to integrate TradeMaster^{QW} with the company's enterprise resource planning (ERP) system or other legacy software.

QuestaWeb had to modify some functions to fit Holiday Creations' export process.

The software had to take several customers' orders from the accounting system and combine them into one purchase order for the factory in China.

Then, when the products were complete, it had to break that factory order back into separate customer orders so it could prepare export documents for each shipment.

"That step presented the biggest challenge," Slossberg says.

Because the necessary information was available in the database, though, it wasn't difficult to modify the process. Now that QuestaWeb has added this capability, other companies have started using it.

Integration with Holiday Creations' accounting system is still in the planning stage. In the first year of using ExportManager^{QW}, staff moved data manually between the two systems.

"This year we'll make that bridge automatic," Scala says.

One big change the new system has brought so far has been eliminating redundant effort. When the staff in Denver enters new orders, that information becomes available immediately to the staff in Hong Kong, with no need for them to enter the information again or transmit it via e-mail.

Along with initial orders, the staff also can enter changes to orders and make them visible to everyone immediately. That's especially important when customers send not firm orders, but forecasts.

"Customers send forecasts when they're not sure exactly what they will order, but they have an idea," Scala says.

From a customer's forecast, the Denver staff creates an official purchasing document that the factory uses to order materials.

"We can still move ahead with the forecast and get the ball rolling," Scala says. "When the customer sends the actual purchase order, we then fine-tune that order and create retail transactions with specific PO numbers."

A Tailored Solution

Although Holiday Creations could do something of the sort in the past, its manual process was cumbersome.

"The QuestaWeb software provides flexibility to not only create a data pool of items, but also to tailor those purchase documents to meet a customer's specific needs," Scala says. "Users can change or enter any information they want."

Because the staff in Denver and Hong Kong both access the same system through their Web browsers, it no longer takes one full business day for the offices to catch up with changes in the system.

"Now the information is completely visible and changes can be made in real time," Scala says.

In the future, officials at Holiday Creations hope to make data in the system visible to factory operators and customers. When that time comes, it should be easy to get partners to participate.

"All they need is a user name and password," Slossberg says.

Trading partners use the browser interface to enter whatever information the owner of the system wants them to provide, and they view only the information the owner wants them to see.

"Almost any partner will participate, because there is no cost involved," he says.

For now, ExportManager^{QW} lights up users' eyes at Holiday Creations because of the time it saves and the increased accuracy it brings to the operation.

"The fewer layers to the process, the better and more accurate the process," Scala says. "Our business is much more streamlined now."