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# FEATURE ARTICLE

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## **For Immediate Publication**

### **Standardization Saves**

By Marc Semanoff

Every business is looking for the key to getting ahead in the current tight economy. What is the key to getting ahead of the curve? Process standardization is one place to start.

With standardized processes, companies can more uniformly exchange critical business transactions such as purchase orders, invoices, shipping notification and payment with customers and suppliers.

Industries that utilize standardized electronic information exchange eliminate errors and reduce redundancy, deliver better customer service, increase employee productivity and add to the bottom line.

Think about it this way: If Company A has 20 major suppliers that each submit an invoice in its own format, Company A employees must re-key that information (without error) to keep business running. If each invoice requires 30 minutes to process, it will take at least 10 hours — more than one full workday — to perform a task that can be nearly eliminated by adopting standardized electronic processes.

By standardizing advanced-shipping notices (ASN), you can re-engineer your receiving process. In turn, products get off the receiving dock faster, reducing the amount of inventory needed to get customers the products they need. Plus, with a standardized ASN you have fewer invoice discrepancies to resolve, allowing your accounting staff to be more productive.

Speaking of productivity, if all of your suppliers follow the same data content and format, your IT team can develop one program, saving substantial time for your already overworked IT

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## **Standardization Saves**

Page 2 of 4

staff. Without standardization, your IT group must develop computer programs for every trading partner.

The improved processes created by standardization assure the best total value delivered to the end-user.

### **How are standards established?**

Efforts to create standardized documents began more than 25 years ago, with the development of the ANSI X12 EDI. Unfortunately, these early standards are not practical for the small-to-medium company to implement today. They are not a "one-size-fits-all" solution despite original intentions.

Standardization does not happen overnight, but it can happen. By pooling monetary and staff resources, your industry can create results in record time. To ensure success, a wide-range of companies from an industry must buy in to the process.

If you remain focused on the immediate task at hand, work to resolve one issue at a time — rather than attempt to rework the entire industry — industries can move forward without getting bogged down in unnecessary detail.

Also, by not waiting for absolute perfection — and by making an occasional compromise — industry groups can create a single, uniform interface for each customer/supplier relationship.

Technology is readily available to help your company get ahead, but only if your team has already standardized its business processes that take place between trading partners.

### **Why standardization works**

When traditional competitors and trading partners acknowledge competition and agree to work together, everyone wins. By following the best business practices, industries can create improved company profitability through lower inventory levels, shorter lead times, simpler business processes and better decision making.

As an outside neutral party, BSW has helped several industries develop standards as part of a ground up, industry-wide effort. Currently, our team is working with a group of 25 Embellished Activewear distributors and manufacturers that recognized the need to establish industry-wide standards to reduce costs and improve customer service.

From start to completion, it took the group less than 12 months to finalize the first phase of initial standards which included UCC GTIN product ID, master carton labels, product case tracking bar codes, product ID bar codes with case quantity, product-description databases

## Standardization Saves

Page 3 of 4

and advance shipping notices.

In the coming months, an estimated 75 percent of all products in the industry will be shipped based on the standards this group of industry leaders developed.

A second phase, now under development, includes electronic purchase orders, electronic invoices and the exchange of sales information by SKU. The new standards are expected to be enforced by the end of 2002.

### Next steps

Resources are tight for all business; everyone is looking for a better solution. Recognizing that solutions are available is the first step.

The supply channel from manufacturer to distributor to end-user must continue to evolve and become more efficient as customers increase their demands for lower prices and more efficient business practices. By pooling IT resources and agreeing to use the same content and format and interpretation of the transaction data, your business can take full advantage of today's technology.

Marc Semanoff of BSW Consulting can be reached at [advise@bswc.com](mailto:advise@bswc.com) or (314) 983-1200. St. Louis-based BSW Consulting, founded in 1972, is a national technology consulting company providing technology and business counsel to improve performance by providing end-user technology and support for distribution and manufacturing associations. For more information visit [www.bswc.com](http://www.bswc.com).

### About Us

St. Louis based BSW Consulting, founded in 1972, is a national technology consulting company providing technology and business counsel to improve performance by providing end user technology and support for distribution and manufacturing associations.

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## Standardization Saves

Page 4 of 4

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