

Peregrine Outfitters

Wholesale Distributor Increases Profits through Acorn Systems



www.peregrineoutfitters.com

Peregrine Outfitters is a 14 year-old wholesale distributor supplying outdoor retailers worldwide with over 6,000 outdoor accessories, equipment and books. Peregrine stocks products from 800 manufacturers and publishers to make its 1,500 customers' businesses easier and more profitable.

Mike Du Pont, CFO of Peregrine Outfitters, evaluated Acorn Systems Profit Analyzer at a time when he was considering several potential capital expenditures, many of which promised 100% ROI. He knew that many things would have to go according to plan for any vendor to deliver 100% ROI and increased profits in the first year of implementation.

"A number of factors convinced us that this project could achieve the aggressive first year milestones we set for it," Du Pont said. "For one thing, our president was committed to the concept of Activity Based Costing and prepared to run the company by the data from Acorn Systems."

“Acorn's data clearly illustrates not only where we are making and losing money, but also why. This enables us to take actions that increase our profits. In addition, we didn't have to change our information system, which decreased the project's time-to-return and enabled us to avoid extra costs and complexity.”

– Mike DuPont
Chief Financial Officer

Achieving 100% ROI on an initiative and increasing profits in today's market is quite a feat. We have high standards at Peregrine Outfitters and are on track to get 100% ROI from our investment in Acorn in the form of increased profits in the first year, an additional 50% to 100% increase in profits next year and incremental increases in ROI and profitability in subsequent years."

“One of the reasons we were able to get such a quick ROI is that Acorn's system was not invasive to ours and Acorn was able to extract and analyze data from our ERP systems. As a result, there were no delays in getting the information and acting on it.”

— Mike DuPont
Chief Financial Officer

Acorn's analysis revealed that Peregrine's profitable sales accounted for 400% of its revenue, while unprofitable sales brought the company back down to its reported net profits. With this information, Peregrine was able to confidently focus on actions that would enable it to become more profitable.

"Through Acorn we learned that our fixed costs cause any order below a certain threshold to be unprofitable," Dupont continues. "We were not aware of the magnitude of this issue. Some of our larger customers had hundreds of orders below this threshold." With this new knowledge, Peregrine is changing the way it does business. The company is reviewing its pricing policies, which focused on a customer's overall volume, and is considering providing discounts only for orders above a certain size. They are also reviewing item "case discounts" with a view toward raising average line item revenue.

“Acorn's data has changed the way we run our company and evaluate the performance of our products, vendors and sales people.”

— Mike DuPont
Chief Financial Officer

"Once we had the data from Acorn Systems, we were able to begin to make changes in our business that would increase our profits with confidence. We knew we were losing money on some of our West Coast customers, but weren't exactly sure how or why. With Acorn we learned that they were placing small orders and taking advantage of our second day freight shipping policy," Du Pont said. "We will further increase our profits next year when we modify our program to provide incentives for customers to place larger - more profitable orders."

[About Acorn Systems, Inc.](#)

Acorn solutions combines technology and methodology to improve profitability and increase shareholder value for Global 2000 companies in Financial Services, Retail, Consumer Products, Manufacturing, Distribution, Logistics, and Services. To learn more about improving your company's profitability call 1.800.982.2676, email sales@acornsys.com, or visit www.acornsys.com