

# LA Weight Loss Centers Eliminates Manual Processes, Raises Productivity

## Customer Profile



### LA WEIGHT LOSS CENTERS

Horsham, PA

[www.laweightloss.com](http://www.laweightloss.com)

#### Industry:

Retail

#### Annual Revenue:

\$100M-\$500M

#### Employees:

500-1999

#### Oracle Products & Services

- Oracle Database
- Oracle Financials
- Oracle General Ledger
- Oracle Cash Management
- Oracle Receivables
- Oracle Payables
- Oracle Fixed Assets
- Oracle Purchasing
- Oracle Inventory
- Oracle Order Management
- Oracle Property Manager
- Oracle University
- Oracle Support

#### Key Benefits

- Point-of-sale data flows seamlessly into Oracle Financials without customization, eliminating manual steps
- Boosted productivity by freeing

*"We're a mid-sized company so in the back of my mind I was thinking that Oracle was too high-end and expensive for us. But we were pleasantly surprised by how favorably the price compares to other vendors—and how much more scalability and flexibility we got for our money." -- Bill Warrin, Chief Financial Officer, LA Weight Loss Centers*

America's preoccupation with weight has caused business at LA Weight Loss Centers to soar in the past four years. Revenue has tripled, reaching \$250 million at retail in 2003 between franchisees and corporate-owned centers. And, with about half of its 600 diet centers operated by franchisees, the firm ranks among the nation's fastest growing franchise systems. By the end of 2004, LA Weight Loss Centers expects to have 750 centers worldwide.

The company's IT infrastructure, on the other hand, was stagnant, rapidly becoming an impediment to growth. "We completely outgrew all our systems," said John Janthor, director of information technology for LA Weight Loss Centers. "Our challenge was getting our arms around our business processes and finding a system that scales to our level of growth."

After initially limiting its research to software vendors aimed at mid-size businesses mostly because LA Weight Loss Centers assumed Oracle would be too pricey--Janthor took the advice of a consultant and considered a more extensive enterprise resource planning (ERP) solution from Oracle. "When Oracle took us through a demonstration, we saw a breadth of features and a level of scalability no other vendors could match," Janthor said. At the same time, "the pricing was literally in the same ballpark as upgrading our existing system," added Bill Warrin, chief financial officer for LA Weight Loss Centers.

The Oracle solution--a selection of E-Business Suite applications--automated many of the accounting, inventory management, and property management tasks that LA Weight Loss employees previously handled manually. "We're using fewer resources to do the same amount of work. We expect to double the size of our business without having to add staff," Warrin said.

#### Better Information Trims Inventory

The LA Weight Loss nutrition program consists of one-on-one counseling, as well as personalized menu plans for each client, and a product line of foods, vitamins, and

staff from laborious manual tasks

- Reduced inventory to just-in-time levels through better information
- Integrated the company's refund database with its accounts payable, replacing manual process
- Automatically issues rent checks, allowing employees to do higher level work
- Delivered speed and accuracy to daily, weekly, and monthly bank reconciliation

supplements. Keeping its corporate-owned and franchised centers stocked with the fast-selling products poses a major challenge for the operations group.

The company found that the Oracle solution outperforms the previous system in tracking orders from initial sale through monthly accounting. "Our daily point-of-sale transactions flow seamlessly into Oracle Financials, saving us manual steps," Janthor said. From point-of-sale, the data flows to Oracle's order and inventory management system, and calculates order quantities and schedules shipments.

By improving information flow, the automated system reduced the amount of inventory the firm must carry. "We've reduced inventory to more of a just-in-time level," Warrin said.

The company also eliminated many time-consuming and error-prone manual accounting processes. For example, the company's refund database, which had been administered manually in the past, is now integrated with Oracle Payables. Oracle Cash Management handles daily, weekly, and monthly bank reconciliations for its 300 corporate-owned centers. "We knew that with the Oracle system we were getting many new features to help us improve our business," said Bill Gallagher, controller at LA Weight Loss Centers.

### **Automated Property Management Tracks Details**

LA Weight Loss Centers eliminated a major headache related to property management. Prior to implementing Oracle, the company managed its property the old-fashioned way--by typing up rent checks. "We manually kept property records in an Access database. We pay rent to 300 corporate-owned centers and track real estate charges, common area maintenance charges, and so forth. There's a wealth of knowledge you need to know about each piece of property, and it wasn't easy gathering it," Warrin said.

Now Oracle Property Management module handles all that, tracking leases and interfacing with Oracle Payables to issue rent payment checks. The change has pleased several LA Weight Loss employees by removing burdensome tasks from their jobs. "Our staff had to power-type 300 rent checks a month--and keep track of who gets paid on the first, tenth, middle of the month. Now Oracle does all of that for us," Warrin said.

### **Why Oracle?**

After reviewing packages from Best Software, Great Plains, and Prophet 21, LA Weight Loss Centers deemed the Oracle system the winner for its breadth of its features and ability to scale with the company's growth. Oracle also competed on price, and Oracle Property Manager offered capabilities no

other vendor could match.

Oracle's flexibility on various operating systems--another down-the-road consideration for LA Weight Loss Centers--was another big plus. "We're completely Microsoft-based and our Servers are supporting the Oracle Database Enterprise Edition on a Windows 2000 platform advanced server," Janthor said. "But one reason we chose Oracle is that it gives us a migration path to Linux. We're looking at making that shift in the future."

### **Implementation Process**

With a modest-sized IT staff and a substantial implementation, LA Weight Loss Centers turned to a local consulting firm, BizTech, for assistance. The project went live in five months, meeting the company's deadline and budgetary requirements. "This was an out-of-the-box implementation that required no customization," Warrin said. "No trauma."

Once the system was up and running in test mode, LA Weight Loss Centers sent a core group of employees to Oracle University to learn how to get maximum benefit from the new system. "We designed the system and the workflow based on the knowledge that our employees brought back from Oracle University," Janthor said.

On the few occasions when Oracle Support had to be called in, Janthor was impressed by how quickly the support team addressed issues of concern. "Oracle has a huge support organization. For any issue that arises, there's a great wealth of knowledge within the support organization. Problems get solved."

### **Advice from LA Weight Loss Centers**

- Let your business needs, not your size, determine your technological priorities.
- Don't assume that because you are a mid-sized company you can't have a top-tier, enterprise class information technology system. Investigate an array of options, paying particular attention to how the system scales in tandem with your growth.
- Train your employees well before your system goes live so that they can take full advantage of the new system.

*LA Weight Loss Centers was established in 1997 and has become one of the world's fastest-growing franchise systems. The LA Weight Loss nutrition program consists of one-on-one counseling, as well as personalized menu plans for each client and a product line of foods, vitamins and supplements.*

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