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## Smith & Wesson aims for the best paperless solution

# TARGET

BY JIM UTSLER

**T** rue story: While interviewing the folks at Smith & Wesson Corporation for this article, I saw three deer and eight turkeys wander through my backyard. Now, I'm not a hunter—I don't even own a gun—but if I were so inclined, I would have grabbed a firearm of some sort and squeezed off a few rounds, looking forward to some venison jerky and a fresh bird.

And I probably would have done so with a Smith & Wesson product. After all, Smith & Wesson, whose parent company is Smith & Wesson Holding Corporation, is one of the largest manufacturers of firearms and firearm-safety and -security items in the world. If I had bagged that jerky and turkey, I'm betting Smith & Wesson would've played a role.

In all the excitement, though, the one thing I wouldn't have done was think about all of the back-office operations that take place to keep the company up and running. And given the size and scope of Smith & Wesson, that's a lot to consider, especially because it has a distribution channel that spans the globe—except, that is, in “countries with which U.S. trade is restricted or prohibited,” notes Neil Gibree, Smith & Wesson's director of distribution.

Because of this wide reach, Smith & Wesson has issues large companies typically deal with, one of which is a vast amount of data. In the past, much of that information was on paper, including invoices, orders, checks and other business-related documents. Realizing it was awash in paperwork, the company decided to go largely paperless, using several

products from Quadrant Software to significantly cut down on the documents it had stored in filing cabinets and off-site.

Now, instead of Smith & Wesson personnel shuffling paper here, there and everywhere, they can more fully focus on the company's core business.

### A Living Legacy

Originally established in 1852, dissolved in 1854 and then re-established in 1856, the Springfield, Mass.-based Smith & Wesson was the brainchild of Horace Smith and Daniel B. Wesson. During its reincarnation, the company designed a small revolver created to fire its patented Rimfire cartridge. This revolver was the first in the world to successfully use fully self-contained cartridges—and

PHOTO BY BRIAN SMITH



Smith & Wesson's Marc St. George (left), Neil Gibree and Lisa Reda say Quadrant Software's paperless solution saves time during order processing, invoicing and auditing.

# UP CLOSE

**CUSTOMER:** Smith & Wesson Corporation

**HEADQUARTERS:** Springfield, Mass.

**BUSINESS:** Manufacturing firearms and related accessories

**HARDWARE:** An IBM System i 520

**SOFTWARE:** Quadrant Software IntelliChief, FastFax and Formtastic; and Infor System 21

**CHALLENGE:** Reducing company reliance on paper documents

**SOLUTION:** Working with Quadrant Software to create online document images, thereby improving business processes and saving paper, money and time

the company patented it, giving Smith & Wesson a lock on that part of the firearms market.

Before that patent was due to expire, however, the Smith & Wesson partners went on to design a new and improved version of the revolver, which they called the Model 3 American. This new revolver became the first to use a large-caliber cartridge, setting the company up to become a world leader in handgun manufacturing, with its two largest customers at that time being the United States Cavalry and the Russian Imperial Government.

Since then, the company has gone on to many other firearm firsts, including the Magnum Model 29 .44 that Clint Eastwood made famous in the movie "Dirty Harry" and the original stainless-steel revolver, the Model 60. Smith & Wesson now manufactures—some under its Thompson/Center Arms Company brand—a wide range of revolvers, pistols, tactical rifles, hunting rifles, black-powder firearms, handcuffs (or "restraints," as Marc St. George, Smith & Wesson's director of IT, calls them) and other firearm-related products and accessories.

It uses distributors to offer these products to hunters, sportsmen, competitive shooters, gun enthusiasts and collectors via sporting-goods dealers and some big-box stores. Smith & Wesson sometimes ships directly to the latter, either to retail outlets or distribution centers. The company also has distribution channels for its worldwide law-enforcement and military agency customers. "Distributors are the biggest part of our business," Gibree says.

## Added Confusion

Because of these and other business issues, including Federal Firearms License requirements and Sarbanes-Oxley Act of

2002 (SOX) compliance, Smith & Wesson must keep track of all of its transactions, whether dealing with distributors, direct-to-retailer sales or government contracts. In the past, this meant working with a lot of paper, with 75 percent of orders coming in via fax, 24 percent via e-mail, less than 1 percent via physical mail and one customer using EDI.

"Because most of our orders came over as faxes, we had fax machines located throughout the company, which added to the confusion. People would send in orders and we never really knew which machine they came in on, so we'd have to go hunting for them," Gibree says.

Even when orders came in electronically through e-mail or EDI, they were printed for later data entry into Smith & Wesson's ERP package, Infor System 21, which runs on the company's IBM System i\* 520 server. In some cases, multiple physical copies of some documents, including order-fulfillment packing slips and serial-number lists, were created, with one copy remaining with the company and the other going out with the shipment.

For every order received, Smith & Wesson generates an order acknowledgement, which it used to mail to the appropriate customer. "We would then run inventory against the acknowledgement and create pick docks, and with every pick docket created, there's a serial-number copy created against the release of that shipment. Once that shipment's out the door, we would then generate an invoice on top of the serial-number copy. All this paper would have to be consolidated and filed together for SOX and general legal purposes for x-number of years," Gibree explains.

Complicating things, multiple copies of each invoice would be generated for that day's shipments. For example, a remit copy would be attached to the original invoice, and a duplicate copy would be filed within the company. During these processes, people would have to manually ensure that the proper documents were matched, collated and filed, a time-consuming and menial task.

## Slowing Things Down

The accounts-payable department used a similar process. Around 95 percent of incoming invoices were received through the mail. Invoices were sorted into five groups based on the first letter of the vendor name and processed by the people responsible for those vendor accounts. Expense reports and check requests were sorted in much the same way.

The dispersal of these documents—invoices, expense reports and check requests, for example—to the appropriate personnel took time, and if documents needed approval, yet another person would be involved before they could be returned and processed. In some cases, this meant payments were delayed.

"When we were doing approvals in the past, the accounts-payable processor would have to make three copies of the

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**—Marc St. George, Smith & Wesson IT Director**

same invoice, send them out through interoffice mail and wait for the responsible people to approve them,” says Lisa Reda, Smith & Wesson’s assistant controller. “And sometimes, those people were on vacation or otherwise unavailable. This really slowed things down.”

Both with distribution and accounts payable, all of this paper had to be retained, with the most recent documents being housed in filing cabinets at Smith & Wesson’s corporate headquarters and older documents stored off-site at a storage facility. As Gibree explains, “The volume of paper I was dealing with was exceeding the amount of space we had available to house it. We were even having problems storing our current-year documents on-site, even after we moved older documents to an off-site location.”

Although the company tried to keep all related documents together, attached and stored in one location, that wasn’t always possible. This caused problems when those documents had to be retrieved and put together for examination, whether by customer request or when auditors came calling, based on SOX compliance. “We would have to go to multiple sources, pull the documents manually, collate them and present them—in the case of SOX—to the auditors,” St. George says. “And we’re not just talking one order and everything that comes with it, but maybe 25 or 40 or 50, depending on what sample size the auditors needed.”

## **Intelligent Integration**

Realizing something had to give, Smith & Wesson decided to look at alternatives to its paper-based system not only to rid itself of paper, time and storage-space wastes, but also to streamline its business processes. To that end, it researched possible solutions before finally deciding on Quadrant. “We did some tinkering in house and looked at some other products, but they were more expensive and—more importantly—didn’t interface with System 21,” St. George says.

Quadrant’s integration with System 21 was key to a fully successful deployment of the solution. Over just a couple of months in 2008, Quadrant and Smith & Wesson worked out the kinks and devised a truly workable solution that would solve many of the latter’s paper woes.

Because the distribution center had the most pressing need to cut down on paper-based documents due to the large number of faxes it received, the company started there, first deploying Quadrant’s FastFax and IntelliChief. Using FastFax, those faxed orders are no longer printed on a fax machine, but instead routed to an electronic IntelliChief inbox. Once the orders are received, customer-service representatives open them and index them based on the

appropriate territory. The customer-service supervisor has access to all of the inboxes to track order volumes and order status.

IntelliChief also lets the distribution department import e-mailed orders using the tool’s Print Capture feature. Instead of printing the documents, users now have an additional option to save the e-mail to an IntelliChief inbox. EDIs are sent directly to IBM i, converted to the appropriate System 21 format and then, using Quadrant’s Formtastic, formatted for print and sent to another IntelliChief inbox.

“With IntelliChief, we can bypass the fax machine in terms of a hard copy and have the documents sent right into an inbox in IntelliChief, where we can see every order coming in. Then, it’s just a matter of opening them up, seeing what we have there and assigning it to the various processes,” Gibree says. “If somebody’s out, we don’t have to worry about orders piling up on somebody’s desk. They’re in the system where another person can do it or assign it to another order processor.”

Hard-copy documents are scanned into the IntelliChief system. As with all documents fed into the system—electronic or scanned hard copy—everything can be tied together electronically as if they were stapled papers stuffed into a filing cabinet. The benefit, though, is that users can hit a key in System 21 and see it on-screen rather than hunting it down in multiple storage cabinets.

## **Touch and Tell**

Reda has seen similar benefits in the accounts-payable department. Although AP personnel still must input vendor-invoice information into System 21, the invoice image itself is fed via scanners into IntelliChief or, if they’re electronic, printed using Formtastic and automatically archived as images with the appropriate indexes in IntelliChief. (Scanning has become rare within Smith & Wesson, largely because most of its paperwork comes either via fax or e-mail, which FastFax easily translates to an electronic format.)

This lets the department more easily view and share documents, both internally and externally, as in the case of off-site SOX-related auditors. Reda can simply e-mail the invoices to auditors. This is in stark contrast to how things used to be done, when personnel had to physically gather information regarding invoices. “To be able to present that information to the auditors without having to make copies of the invoices is tremendous,” she says.

Additionally, the invoice-approval process has been much improved. Because the information is online and available to anyone with the proper authorization, invoices can be

pushed to whomever needs to see them. If someone's out of the office, someone else can process the needed approvals, speeding invoice turnaround. "The system tells you every time someone has touched an invoice. It tells you who touched it, what they did with it and what its status is," Reda says.

Notably, all of this information is available via System 21. As a result, any Smith & Wesson employee with access to the 520 can look at all of the linked documents, from origin to completion. This includes the company's off-site sales force, which may want to look up an invoice or order acknowledgement at a customer site. "It's become a nice business tool for our field sales reps so they know exactly what's happening instantaneously," Gibree says.

Of course, IntelliChief lets both the distribution and the accounts-payable departments send information electronically to customers and vendors. Depending on their wishes, documents can be sent to them through IntelliChief and FastFax as faxes or e-mails. "Once they're in the system, with an e-mail address or fax number, we can send the documents to our customers and vendors automatically, every night," St. George says. "This has saved us not only large amounts of paper, but also postage. It also saves a great deal of time."

## Underselling

Although I'm not a hunter, Smith & Wesson sure is—and it bagged a big beast when it decided to use the Quadrant software to reduce its reliance on paper-based documents and out-of-date business processes. Now, most of its paperwork is online and available for easy, clickable viewing. Few people now must riffle through filing cabinets to find the information they're after, and the company saves money, time and space.

And the company isn't finished yet. It expects to roll out the Quadrant solutions to other departments as time

allows. "Quadrant may have undersold the system," St. George says. "There are a lot more features built into it that we can use that they didn't advertise. It's just a matter of exploring that functionality more and finding out how it will fit into our environment."

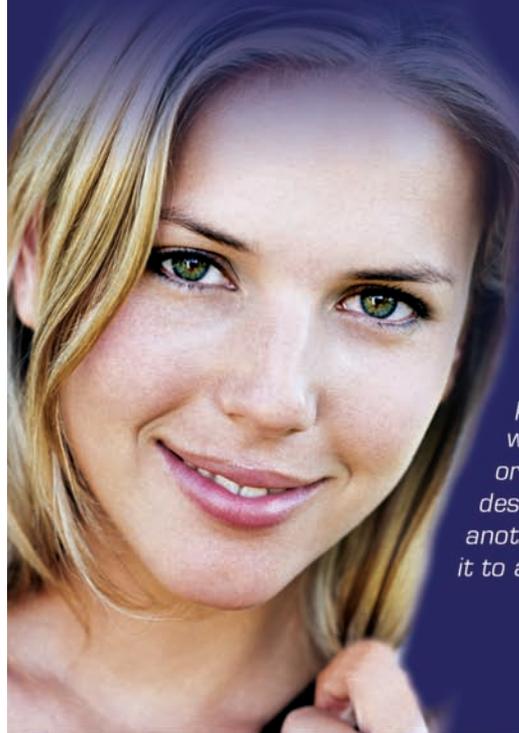
True story. 



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# Don't Worry... Be Paperless!



*"With IntelliChief, we can bypass the fax machine in terms of a hard copy and have the documents sent right into an inbox in IntelliChief, where we can see every order coming in. Then, it's just a matter of opening them up, seeing what we have there and assigning it to the various processes. If somebody's out, we don't have to worry about orders piling up on someone's desk. They're in the system where another person can do it or assign it to another order processor."*

- Neil Gibree  
Director of Distribution  
Smith & Wesson

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