

THE BOTTOM LINE

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Minotaur Case Study at Pestell Group

By Michael Burns

Situation: Established in 1972, Pestell Group (Pestell) has grown to four different companies. One distributes ingredients for agricultural feed and fertilizer manufacturers. Another distributes pet products including cat litter and shavings. Pestell's distribution network now spans the globe. Pestell operates out of New Hamburg, Ontario, with revenues of about \$60 million.

In 2001, Pestell hired a consultant to help it replace its existing system, which was no longer meeting their needs. Pestell had requirements that could not be met by an off-the-shelf system. For example, landed cost was a critical requirement.

The company tracks 12 different cost factors, and needed the ability to estimate these costs as well as to update the system based on actual costs. When an invoice arrives, the system must be able to pro-rate the costs based on units, cost, or weight across all products. Differences to estimates are allocated to a variance account.

Pestell narrowed the vendors to a short list that included the better known systems as well as Minotaur. Minotaur was selected because of its willingness to be flexible in adapting to the company's needs.

Pestell met with the president of Minotaur, Richard Kirkness, who did a great job in convincing Pestell to select the Minotaur system. Richard listened well, and provided suggestions that made sense.

Solution

Minotaur Software Ltd. (minotaursoftware.com) has been providing configured business management and ERP solutions since 1985. Its customers represent a wide range of industries and products including food, chemical, metal, plastics and mining. Minotaur is located in Brampton, Ontario and has about 200 customers worldwide. Pestell implemented the Minotaur financial and distribution system, and has 28 employees on the system.

Challenges, resolutions

The biggest challenge was getting the system up and running on time. A significant amount of customizations were required that complicated the implementation process. Pestell ran a parallel test for a week, but it took a couple of months before all the kinks had been worked out of the system.

Pestell knew that customizations could also lead to problems especially in updates for new versions of the software. They had bad experiences with their previous solution provider. With Minotaur, they pay a 12-per-cent maintenance fee that covers the costs of converting the customizations to the new version, and so far all the updates have gone smoothly.

Project leaders are critical to the success of any implementation. Pestell had selected one person for operations and another for financials. Unfortunately, the operations project lead gave notice a few weeks prior to the go live date. However, the operations project lead worked long hours and on the weekends to transfer knowledge to the financial

project leader, who assumed responsibility over the entire system.

Costs, benefits

The software cost \$3,000 per module and Pestell purchased 11 modules. They paid about half of that amount on implementation and another \$30,000 on customization. They also pay \$7,800 annually on maintenance for the software and customizations. Benefits to the Minotaur system include a reduction of two employees in administration and improved information to make decisions.

Bottom line

Randy Coloumbe, CA, controller and project leader for both financials and operations, is happy with Minotaur. They are "good to work with and the results are good." When asked about whether he was concerned about the small size of Minotaur, Randy said that Pestell was very concerned about this during the selection process. Pestell conducted due diligence and asked tough questions. In the end, Pestell felt it could trust the company.

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