

The Phelon Group Quick Facts

The Phelon Group is a strategic consultancy focused on the development, maintenance and extension of mutually beneficial customer relationship programs and initiatives.

HEADQUARTERS

Sunnyvale, California

FOUNDED

2002

SOLUTION

Vendor Relationship
Management System

COMPANY DESCRIPTION

The Phelon Group is a results-oriented strategic consultancy that specializes in leveraging customer loyalty to fuel business growth.

SELECTED CLIENTS

Network Appliance, Intel,
Sun Microsystems

Problem

- Decentralized vendor management, because of TPG's bi-coastal workforce and lack of an enforceable PO approval process.
- Lack of a web-enabled, formal process for budget approval was resulting in a disproportionate number of projects exceeding their original budget.
- "QuickBooks wasn't working well for us because there's no real business process there. It's hard to ensure that people follow a policy when there's no system support for that policy." – STEVEN NICKS, TPG PRESIDENT
- Lack of visibility to vendors was creating high call volume and difficulty communicating basic information to vendors.

Solution

- Sibyl Vision's VRM System put a web-enabled business process in place for managing purchase orders, invoices, and budgeting.
- All interactions with vendors are managed through the VRM, streamlining the PO approval, invoice, and budget management process.
- Vendors can log into the system, resulting in more transparency of the approval and payment process, and better communication between vendors and TPG.

Case Study: The Phelon Group

The Phelon Group is a strategic consultancy focused on customer retention, repurchase and referability. Its work helps companies better understand and monetize customer relationships, resulting in increased revenue streams, faster sales cycles, high-impact marketing and positive word-of-mouth, and a competitive edge in the marketplace. The Phelon Group conducts engagements for leading enterprise solution providers such as Amdocs, EDS, BNY Mellon, Pitney Bowes and Network Appliance.

The Challenge

In 2004, The Phelon Group was facing a growing number of challenges in managing vendor payments, purchase orders and requests. Three sets of problems were identified. The first was that the company was decentralized, with employees in California and New York. As Phelon Group President Steven Nicks recalls, "getting approval to pay vendor invoices was cumbersome for us. Because there was no formal process in place, and no system support, we had a hard time keeping track of where things were in the process." Secondly, there was no visibility to the vendor, so The Phelon Group was handling a high volume of calls from vendors. A third problem was that individual employees would make commitments to projects, and vendors would start work without a formal approval process. Because there was no easy way to track and enforce budgets, a disproportionately high number of projects were exceeding their projected budgets.

Choosing a Solution

TPG knew that implementing purchase orders would be the right control mechanism for their budgeting challenges, so they first tried working with QuickBooks. However, QuickBooks could not help them enforce a business process. It offered no process for PO

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submission and approval, and there was no way to submit requests against a particular PO.

It was at this point that Steven Nicks, then CFO (and now President) of The Phelon Group, turned to Sibyl Vision for a system that would automate, end to end, the entire vendor management process. "We turned to Sibyl Vision because we had worked with them previously, and we knew that they were responsive, that they did quality work, that they delivered on time, and that they were always a cost-efficient solution for us." Sibyl Vision's modular approach to applications development enabled them to leverage previously built modules, delivering the flexibility and personalization that The Phelon Group required for a fraction of the cost that it would take for bottom-up development.

Results

Sibyl Vision's VRM system was implemented in 2005; since then, The Phelon Group has handled all of its vendor relationships using the system. It is the only mechanism by which vendors are issued POs, approved for new expenditures, and issued payment. The system has processed millions of dollars of purchase orders since it was first implemented.

Implementing the VRM system has centralized and automated The Phelon Group's vendor management model, streamlining each process from start to finish. Employees can now set up new vendors, request purchase orders, issue payments against particular purchase orders, and can track each project's billing, as it compares to the project's allotted funds – all within the same system. This business process automation has resulted in better cash flow management and prompter invoicing and payment; project expenditures are regularly on-track, because The Phelon Group can monitor exactly how much is being billed. As Nicks puts it, "VRM has helped us get compliance in adhering to budgets. The system has built into it a mechanism that requires specific authorization to approve a PO that exceeds the budget allotted to each department or project." And since the system has a separate log-in for vendors, they can always view the status of invoices and payments. This eases communication between vendors and Phelon Group employees, saving everyone time.

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STEVEN NICKS, TPG PRESIDENT

Phelon Group employees all agree: despite initial trepidation about switching to a new system, the transition has eased their vendor interactions. "Any time you deploy a fairly formal process," says Nicks, "there's always some concern about how it's going to affect employees. Ultimately, our experience was that the system saves people time, because it reduces the number of touch-points that employees have to deal with. There is a high level of automation, and everyone recognizes that VRM has streamlined our purchase order and invoicing process."