

## Schroeder Company Milks the Benefits of Sage ERP X3

Located on its original farm site in Maplewood, MN, Schroeder Company Inc. is a \$210 million manufacturer of dairy products and extended shelf life liquid food solutions. Founded in 1884, the company was a fourth generation family owned and operated business until recently being acquired by Agropur, a Canadian dairy cooperative.

### Project Objectives

Schroeder began the search for a new enterprise management system because they wanted to improve information flow throughout the company, establish standard business processes and better manage company resources.

Specifically, the company wanted to gain better access to critical information by integrating the various disparate systems with which it had been operating, including a home grown order entry and accounts receivable system and a collection of Microsoft Access databases and spreadsheets that served the company's laboratory and quality assurance processes.

"Also, it was becoming difficult to develop the functionality we needed with a limited IT staff," said Glenn Schmitt, Schroeder Information Systems Manager and ERP Project Manager. "And, there was the 'lottery factor' to consider. If one of our IT people were to leave the company, we wouldn't be able to support our own systems." He added, "We knew we needed something more off the shelf. We wanted a fully integrated system that was built on industry best practices, while remaining flexible and scalable. We also needed an experienced vendor who could assist us in developing standard business processes."

Because Schroeder did not have a system in place to manage perpetual inventory, it was difficult to plan production. "Our raw materials inventory was a black hole," said Schmitt. "We would have to walk to the warehouse to physically view the materials on hand. Or, we'd have to call our offsite warehouse to ask someone there to check. To be sure we had raw materials on hand, we'd order an amount of, say, cocoa every week without knowing how much was really needed."

Standardized recipes are an important part of Schroeder's business. They help to maintain product quality and consistency, and they also produce an accurate and valid nutrient analysis. Without an effective system in place to control recipe versions, Schroeder employees could mistakenly use an outdated recipe, causing thousands of dollars in wasted costs.

### Challenge

To improve information flow throughout the company, establish standard business processes and better manage company resources.

### Solution

The open architecture of Sage ERP X3 offered the right functionality at a lower cost. A custom modification to handle the co-mingling of fluid ingredients addressed lot traceability issues.



### Results

With improved business information, Schroeder is better planning production and forecasting demand, and they are poised to take immediate action when a problem arises.

### Customer

Schroeder Company

### Industry

Dairy products and extended shelf life liquid food solutions

### Location

Maplewood, MN

### Employees

220

### Sage ERP X3 Users

40

Finally, as a beverage processor, Schroeder is subject to strict government regulations requiring the company to produce records of genealogy of specific lots within 24 hours. Failing to do so can result in serious penalties. Collecting and accessing the necessary information for government reporting was a major task for Schroeder, who relied on a paper-based system. And, since their business is fluid based, the process is even more challenging when raw materials are co-mingled.

### System Evaluation

Schroeder began the search for a new business management system by consulting with business partners and other companies within their industry. Armed with this insight, they then turned to online evaluation services to help narrow the field of potential vendors. "Each tool we used returned the same results," said Schmitt. "Sage ERP X3 and Ross ranked highest on the list. Others we quickly eliminated due to cost, lack of functionality or our perception that the vendor was too small or that the software was not top quality."

Sage conducted a series of demonstrations for the Schroeder evaluation team, providing detailed scripts customized for individual departments. As they learned more about the Sage ERP X3 system and dug deeper into the details, they came to appreciate the system's advanced functionality and flexible nature.

According to Schmitt, "We selected Sage ERP X3 for its open architecture and the fact that it offered the functionality we needed at a lower cost." Schroeder also favored Sage's implementation approach that included a plan to assist Schroeder in defining standard business processes.

### The Implementation

Schroeder organized a nine person implementation team to oversee the project. Each member represented a significant department of the company and provided input and guidance as to how system should be configured to meet their needs.

One of the more noteworthy aspects to the implementation was the creation of a custom modification to address the co-mingling of fluids. "Of all the software systems we reviewed, we didn't find one that offered the functionality we required to track co-mingled fluid raw ingredients the way we wanted to," said

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Schmitt. "We knew there was a functionality gap in the market, and we had faith that the flexible nature of Sage ERP X3 could accomplish what we needed."

With the Sage ERP X3 services team, Schroeder developed a customization that allowed them to combine fluids with different lot numbers and expiration dates in the same tank, resulting in one lot number with one expiration date in the tank. For example, the company can receive milk with lot number 123 and an expiration date of May 5th into a tank that already has lot number 456 and an expiration date of May 6th. After the receipt is complete, the combined quantities of both lots are in the tank with a lot number of 456 and an expiration date of May 5th.

"We designed it so that if a new product was going into a clean tank, the modification still assigned a new lot number. Schroeder needed to keep the old lot number for traceability purposes. Additional product may come into that same tank later and they use the original lot number with their outside quality control vendor to keep the quality information they have gathered," said Dan Nery, Sage ERP X3 Senior Manager. He added, "Sage ERP X3 even verifies that products with a different status are not combined. For example, you don't want to mix good product with questionable product. And the system checks the allergens as well, so you don't mix product with the dairy allergen with product with the peanut allergen." Schmitt added that this functionality also allows Schroeder to combine similar, but not identical, ingredients in the same tank, for example skim and 2% milk.

Opting to deploy Sage ERP X3 in a “big bang” approach with a complete cutover to the new system all at once, the team knew that properly training individual users would be paramount to achieving a smooth rollover. As a result, they created an intensive training program taught by team members who wrote detailed manuals and developed complementary exercises. In fact, the team went so far as to offer a basic computer class as many production employees had never used a computer.

### Results

“With Sage ERP X3, we can better plan production and forecast demand and take immediate action when a problem arises,” said Schmitt, adding, “We’ve been able to stop inventory run outs. Now we know exactly what’s on hand at any given moment without running to the warehouse to physically look at the inventory.”

Schmitt continued, “And, we now carry less inventory. We used to place an order just because we suspected we needed something and didn’t want to run out. Now, that we know exactly what we have, we only order what we need.” And, because they know the amounts of raw materials on hand, Schroeder has been able to eliminate the time consuming and costly month end wall-to-wall physical inventory counts.

Further, Schroeder is taking advantage of better recipe management capabilities. Since requirements are pre-loaded into the system, there is no possibility for an employee to choose the wrong recipe as there was in the past. Sage ERP X3 selects the correct recipe based on the finished product, and it will stop the operator from tracking the wrong ingredient to the work order.

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Schroeder has eliminated a paper-based lot tracking system. “One recall could kill our business,” said Schmitt. “The custom traceability modification makes it much easier and less time consuming to collect and access the information we need to comply with government regulations.”

“We also like the flexible, open architecture of Sage ERP X3,” said Schmitt. “The system is so easy to use, we were able to write and integrate our own laboratory quality assurance and testing database.”

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## About Sage

Sage supports the needs, challenges, and dreams of more than 2.7 million small and mid-sized business customers in North America through easy-to-use, scalable, and customizable software and services. Our products help manage a complete range of business functions including: accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, healthcare, manufacturing, nonprofit, and real estate industries.

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