



Microsoft Customer Solution

Case study

Microsoft Business Solutions—Great Plains

“We have taken an environment that was management by chaos and moved to an orderly, organized, and streamlined business process where everyone’s life is much simpler than it used to be.”

Kevin Lehoullier

Vice President of Finance
Arthur Schuman, Inc.

arthur schuman inc.

New Software Saves \$15M and Achieves an ROI of 679 Percent; Payback Comes in 1.6 Months

Arthur Schuman, Inc. is the largest importer of Italian and Italian-style hard grating cheeses in the United States. Founded in 1946, they operate a production facility and 20,000 square feet of warehouse in Fairfield, New Jersey, and an additional 60,000 square feet of warehouse space in Edison, New Jersey.

The annual return on investment for the \$1.5 million implementation of Microsoft® Business Solutions—Great Plains® at Arthur Schuman was 679 percent; payback was achieved in only 1.6 months. Improving their inventory turns from 3.5 to 4.5 times per year freed up over \$11M in working capital. Substantial savings in order processing, inventory, picking, and customer service labor accounted for an additional \$2.4M in cost avoidance.

Wireless bar code scanning by Maximum Data was integrated into the system, resulting in inventory accuracy of 99 percent and savings of \$500K per year. All these savings occurred while customer service and order accuracy improved.

CUSTOMER PROFILE	BUSINESS SITUATION	SOLUTION	BENEFITS
Located in Fairfield, New Jersey, Arthur Schuman, Inc. is the largest importer of Italian and Italian-style hard cheeses in the United States. Founded in 1946, they are a third generation, family-owned business.	Arthur Schuman was experiencing “chaos” in their warehouse. With 80,000 square feet of refrigerated warehouse space, it was often difficult to locate the inventory needed to provide a fill accuracy of more than 70 percent. Inventory accuracy was at approximately 50 percent.	Arthur Schuman implemented Microsoft® Business Solutions—Great Plains® with Microsoft reselling partner, Altara, and with Microsoft Business Solutions Consulting adding customizations. The system was integrated with wireless, hand-held bar code scanners by Maximum Data to provide cycle counting and indisputable weight accuracy of the cheese.	<ul style="list-style-type: none"> Improved profitability by 10 percent Increased inventory accuracy from 50 percent to 99 percent Increased inventory turns from 3.5 to 4.5, reducing inventory balance needs by 22 percent Increased complete picks from 70 percent to over 95 percent Increased first call resolution from 70 percent to over 90 percent

Situation

Founded in 1946, Arthur Schuman, Inc., a family-owned business, is the largest importer of Italian and Italian-style hard grating cheeses in the U.S. They supply cheese to distributors, wholesalers, club stores, and industrial customers, including the nation's largest club retailer, restaurant chains, and industrial food processors.

Arthur Schuman's knowledge of the cheese industry has spanned three generations. They are an industry leader with unmatched knowledge of the world dairy market and a long-standing ability to introduce and market premium brands.

The keys to their success are exclusive sourcing, product knowledge, quality assurance, diversity of products, and integrity/reliability.

Arthur Schuman previously operated a legacy AS/400-based inventory management system with proprietary software. According to Kevin Lehoullier, Vice President of Finance, one of the challenges facing the business was that the system was missing the ability to

accumulate information about the shipping and receiving processes. It couldn't aggregate information for the reports needed by senior management.

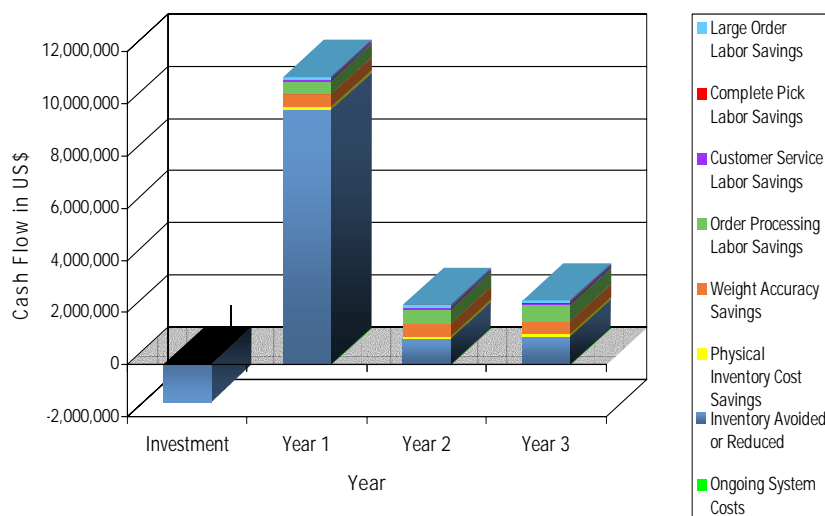
Inventory accuracy was also a problem. Arthur Schuman stores inventory in two warehouse locations with a total of 80,000 square feet of refrigerated space. Prior to implementation, Lehoullier estimated their complete pick rate at 70 percent. "It was like living in chaos because you would get an order for cheese and you never knew where it was," says Lehoullier. "You had people hunting through the warehouse for stuff."

According to Lehoullier, bar code integration was an absolute need for Arthur Schuman. This was needed to improve inventory accuracy and to capture "catch" weights (random weights) of the cheese to properly pay suppliers and bill customers.

Solution

After rejecting several systems as either incomplete or too complex, Arthur Schuman implemented a full ERP system

Arthur Schuman – Microsoft Business Solutions–Great Plains Implementation
Annual Return On Investment (ROI): 679%



Annual return on investment (ROI) for Arthur Schuman following implementation of Microsoft Business Solutions–Great Plains

including Microsoft® Business Solutions–Great Plains®. They implemented Financial Management, Supply Chain Management, and Manufacturing modules for 40 users.

They also integrated wireless bar code scanners by Maximum Data to complement the Microsoft Great Plains inventory system. This solution was customized by Microsoft reselling partner, Altara, to provide the needed functionality for their import business and in-transit tracking. Additional customizations were added by Microsoft Business Solutions Consulting.

According to Lehoullier, Microsoft Business Solutions was an attractive choice because of Microsoft’s continual upgrade of their product, integration ability, and open architecture that allows ad hoc and financial reporting.

“We have taken an environment that was management by chaos and moved to an orderly, organized, and streamlined business process where everyone’s life is much simpler than it used to be,” says Lehoullier.

Arthur Schuman’s processes are now totally automated. Initially, teams were trained from each department to use the new technology; then, it was rolled down to other employees. Warehouse personnel are now armed with wireless, hand-held bar code scanning systems that are linked to the rest of the enterprise via a bar code interact developed by Microsoft reselling partner, Maximum Data.

This system provides workers with the precise zone and bin locations of cheese. Products are automatically dated as they enter the inventory so the scanners follow Arthur Schuman’s critical “first-in, first-out” policy, insuring that the oldest cheese is picked first. It also tracks the weights of cheese on both the inbound and outbound sides. Reports are generated on weights of both cheese purchases and cheese sales.

Arthur Schuman operates two facilities. The first facility is a 60,000 square foot refrigerated warehouse storing 7 million pounds of cheese. The second facility is a 50,000 square foot facility which includes a production facility and 20,000 feet of refrigerated warehouse storage.

Automated data collections and real-time sharing of data have made inventory management in these warehouses more efficient. Previously, physical inventory of bulk products at the manufacturing facility required a team of four people and shutting down the plant for four days at an estimated cost of \$120,000. Now, this task is completed in eight hours at the Fairfield facility with no plant closure. At the Edison facility, the inventory tracking is so automatic that inventory updates are continuous and inventory accuracy is continuously maintained at over 99 percent.

Benefits

Improved Profitability

While per order processing costs have declined by 15 percent, top-line revenue has grown by 10 percent overall.

“Customers would historically be arguing about the weights they had received. Now, we have a very professional report that is detailed down to the case level that shows the weights by case lot.”

Kevin Lehoullier

Vice President of Finance
Arthur Schuman, Inc.

Return on Investment Results	
Savings	How Achieved
\$9.8 million savings in the first year	Inventory avoided or reduced: Inventory turns increased from 3.5 to 4.5
\$90K annual savings	Physical inventory cost savings: Labor efficiency improved 75 percent
\$500K+ annual savings	Order processing labor savings: Reduced the cost of order processing by 15 percent
\$500K+ annual savings	Weight accuracy savings: Improved weight accuracy of inbound and outbound cheese shipments
\$63K+ annual savings	Large order labor savings: Time spent processing large orders was reduced from 3 hours/order to 1.5 hours/order
\$58K+ annual savings	Customer service labor savings: First call resolution rate increased by 20 percent
\$28K+ annual savings	Complete pick labor savings: Complete picks increased from 70 percent to 95 percent



Arthur Schuman, Inc. stores approximately 8.5 million pounds of cheese in 80,000 square feet of refrigerated warehouse space.

Software and Services

Microsoft® Business Solutions— Great Plains

- Manufacturing
- Financial Management
- Supply Chain Management
- Customization Tools

Microsoft Windows®

Microsoft Business Solutions Consulting Services

Partners

Altara
Cedar Knolls, New Jersey, USA



The use of hand-held scanners has provided indisputable accuracy on inbound and outbound cheese weights. “Customers would historically be arguing about the weights they had received,” says Lehoullier. “Now, we have a very professional looking report that is detailed down to the case level that shows the weights by case lot.” Lehoullier credits this feature with single-handedly saving the company over \$500,000 annually.

Inventory Improvements

- Inventory turns have increased from 3.5 to 4.5.
- With automation of their operation, warehouse, and inventory, Arthur Schuman has been able to achieve 99 percent inventory accuracy; an increase of approximately 50 percent over prior inventory counts.
- Following implementation and the accompanying improved inventory accuracy, the company has been able to reduce inventory requirements by over 22 percent.

Improved Customer Service

As a result of improved inventory accuracy, customer service has also

improved. The company now maintains a 90 percent “first-call” resolution rate. “With access to accurate, real-time data, we can answer most customer questions on the initial call. That is just one more way the automation has made us be more competitive,” say Lehoullier.

Increased Complete Picks

Prior to implementation, the complete pick rate was 70 percent with a “high rate of chaos and poor employee morale.” Since implementation, Arthur Schuman has achieved a complete pick accuracy of 95 percent and with a faster fill time. A large order that previously took three hours to fill is now completed in only 1.5 hours. This has enabled them to offer unprecedented reliability on order fulfillment. Employees are now able to focus more on building the business rather than just on manual tasks.

Stabilized Earnings Flow

Implementation and the resulting inventory accuracy have helped Arthur Schuman stabilize their earnings flow. This strength of inventory accuracy has enabled them to leverage these benefits to their lenders.

Microsoft Business Solutions offers a wide range of integrated, end-to-end business applications and services designed to help small, mid-market and corporate businesses become more connected with customers, employees, partners and suppliers.

For more information about Microsoft Business Solutions, go to:
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Software for the Agile Business

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For more information about Arthur Schuman, Inc. products and services, call 973-227-0030 or visit the Web site at:

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For more information about Altara products and services, call 973-326-9090 or visit the Web site at:

<http://www.altara.com/>

For more information about Maximum Data products and services, call 734-327-4800 or visit the Web site at:

<http://www.maximumdata.com/>

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