



Microsoft Dynamics Customer Solution Case Study



Innovative Cosmetics Maker Improves Inventory Control, Efficiency with Flexible ERP

Overview

Country or Region: United States

Industry: Manufacturing—Chemical

Customer Profile

RMJ Laboratories is a fast-growing contract manufacturer of cosmetics and personal care products. The company employs 50 full-time employees at its Edison, New Jersey, facility.

Business Situation

The company needed to replace its former process-manufacturing system to gain additional inventory management and quality-control functionality.

Solution

RMJ worked with Microsoft® Certified Partner Micro DataNet to implement Microsoft Dynamics® NAV with Process Advantage.

Benefits

- Reduced inventory cost by 20 percent
- Improved scalability
- Improved quality control

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Teddy Jose, Director, Business Operations and Information Systems, RMJ Laboratories

RMJ Laboratories, a fast-growing cosmetics manufacturing company, needed a flexible enterprise resource planning system that could handle complex process-manufacturing requirements and scale to meet growing demand. The company previously used Sage Adonix, but found that the system lacked critical functionality and was difficult and costly to modify. After a thorough search, company leaders opted to migrate to Microsoft Dynamics® NAV. Microsoft® Certified Partner Micro DataNet helped RMJ implement Microsoft Dynamics NAV and enhanced the solution with Process Advantage, an add-on solution for Microsoft Dynamics designed specifically for process manufacturers. Now, RMJ benefits from tighter inventory management, improved quality control, and an enhanced ability to handle future growth.

Situation

Based in Edison, New Jersey, RMJ Laboratories provides a variety of products and value-added services to cosmetics and personal care products manufacturers and distributors, including well-known global brands.

When RMJ was formed in 2002, the company concentrated its resources on the outsourcing segment of the cosmetics industry, focusing on creating new formulations, products, and manufacturing technologies. Earning a reputation for innovation and consistent quality, the company expanded rapidly. Now, its lines of business have grown to include research and development, quality control, analytics, product processing, and product filling and assembly. In recent months, the company has developed a range of novel skin care systems that take advantage of unique chemistries. With 50 full-time employees located at its combined 90,000-square-foot manufacturing facility and corporate offices, RMJ serves customers worldwide.

For two years, RMJ relied on Adonix, an ERP system from Sage, to manage its process manufacturing, accounting, and warehousing activities. This system met the company's core accounting and financial reporting needs, and met only the minimal requirements for formula management and quality control. But, it did not provide real-time visibility into the company's inventory. As a result, operations staff often needed to physically count stock in the warehouse to ensure that the necessary ingredients were available in sufficient quantities to fill open orders. This slowed turn times, creating longer order-processing cycles and limiting the company's capacity for additional growth.

Deficiencies in inventory management also made it practically impossible to coordinate purchasing-planning and production-

scheduling activities to take advantage of commoditized pricing on raw materials. To compensate for a lack of visibility into inventory, RMJ often purchased large quantities of frequently used materials at premium prices as a hedge against out-of-stock situations. This practice drove up the cost of inventory while restricting the mix of materials the company could store in its warehouse.

Furthermore, the Sage system did not meet the company's sophisticated requirements for defining item and lot characteristics on a multitude of inventory dimensions. This made it difficult to efficiently monitor and report on customer-owned inventory, which often includes specialized ingredients and multiple packing variants for the same product. Without quick access to this information from a centralized database, line-of-business staff across the organization often needed to cross-reference paper-based records to track customer materials and verify order status details.

"On a number of occasions, we had to manually search through sales orders to connect a customer name and order number with a bin number in the warehouse," says Russ Hogdahl, Director, Industrial Chemistry and Process Engineering for RMJ. "Then, someone had to physically check to ensure that the order was packaged according to the right specification. It worked, but it wasn't very efficient."

Company leaders also recognized the need for a more flexible system that could be cost-effectively tailored to streamline core business functions, such as batch control, formula management, and quality-assurance testing. Employees often relied on offline calculations to perform many of the detail-intensive tasks associated with these processes. After evaluating the total cost of the project, executives determined that it was

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too expensive to modify its Sage system to automate these processes.

To gain access to additional functionality that would enable the company to strengthen inventory management, boost operational efficiency, and increase the rigor of its quality-control processes, executives began searching for a new ERP system.

Solution

RMJ ultimately selected Microsoft Dynamics® NAV to replace its Sage Adonix system. With help from Microsoft® Certified Partner Micro DataNet, the company implemented the solution alongside Process Advantage, an add-on solution for Microsoft Dynamics that integrates industry-specific process-manufacturing capabilities to Microsoft Dynamics NAV.

The company selected Microsoft Dynamics NAV based on a number of factors, including built-in functionality for handling complex production flows, capacity for managing an unlimited number of chemical formulations, and automatically generated compliance information and reporting. But, the company also placed substantial weight on the flexibility of the system.

“When we were evaluating different ERP packages, we were definitely impressed by the end-to-end functionality in Microsoft Dynamics NAV,” says Teddy Jose, Director of Business Operations and Information Systems for RMJ. “But for us, Microsoft Dynamics NAV truly stood alone based on its flexibility. Once we saw how straightforward it was to adapt and extend Microsoft Dynamics NAV to meet our specialized needs, we knew it was the right move for our business.”

Real-Time Visibility into Inventory

RMJ uses Microsoft Dynamics NAV to gain access to current information about stock levels for all of the raw materials in its

inventory. Now, operations personnel can confidently schedule production activities and set priorities based on changing customer and business needs. And, purchasing staff can now actively track inventory levels for all items and quickly compare this data to historical trends to make better-informed replenishment decisions. “In just a few clicks in Microsoft Dynamics NAV, I can compare current inventory data to usage history for all of our materials and sort that against the jobs we have in process,” says August Latini, Purchasing Manager for RMJ. “Within minutes, I can determine what materials we need and also spot potential shortages based on production trends.”

RMJ also uses this functionality to aggressively track and report on the aggregate cost of its inventory and drill down into the costs of individual materials. This helps the company more accurately allocate costs throughout the production life cycle for any given order to ensure maximum efficiency. Further, real-time visibility into inventory and fully customizable cradle-to-grave lot traceability enables RMJ to smoothly manage last-minute change requests and fill complex orders without the need for lengthy lead times—a key competitive advantage.

Batch Processing and Percentage Formulation

The team from Micro DataNet helped RMJ tailor Microsoft Dynamics NAV to its batch-processing manufacturing environment by facilitating the implementation of Process Advantage for Microsoft Dynamics NAV. This add-on solution enables RMJ to scale out the production of batches and streamline its order-filling process. RMJ takes advantage of enhanced process-manufacturing capabilities to maximize opportunities for allocating the same sets of raw materials to the creation of different products. In addition, the company uses advanced percentage formulation to produce an expanded range of batch sizes

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while minimizing waste. “The flexibility of percentage formulation in Process Advantage for Microsoft Dynamics NAV helps RMJ quickly modify existing formulations and create new recipes so that they can achieve faster production turns,” says Marvin Fischer, Vice President of Micro DataNet.

Strengthening Internal Controls

Micro DataNet also worked with RMJ to extend native functionality in Microsoft Dynamics NAV to meet the company’s need for stringent quality control. These requirements were based on customer demands, industry and federal regulations, and internal RMJ quality-assurance initiatives. For example, Micro DataNet helped RMJ design and implement workflows to ensure that all materials are automatically scheduled for quality testing once they are received at the company’s warehouse. If a raw material does not pass testing when it is first received or during any stage of production, the result is automatically documented in the system. This provides quality-assurance personnel with greater visibility and more control throughout the production life cycle. In addition, this functionality lets purchasing managers withhold payment on substandard materials until a replacement order is completed.

Benefits

By using Microsoft Dynamics NAV, RMJ has streamlined its production environment and increased its capacity for growth while improving its quality-control capabilities. “Microsoft Dynamics NAV has been instrumental in driving greater efficiency across our operation to help us increase our competitiveness in the industry and, ultimately, strengthen our bottom line,” says Jose.

Reduced Inventory Cost by 20 Percent

With access to current information about inventory levels, comprehensive lot control,

and real-time visibility into its warehouse operations, RMJ has reduced the total cost of its inventory by 20 percent. And, the company has achieved this benchmark while expanding the mix of materials it stocks by 10 percent. Now, with a greater variety of raw materials on hand, the company is better equipped to fill orders without sourcing additional stock, which has led to reduced order-processing times, more responsive customer service, and increased profitability. “Because Microsoft Dynamics NAV provides instant access to inventory levels for any of the thousands of chemicals and materials we use, we’re able to plan our purchasing to meet demand. This means we can keep our inventory holding costs low and cut down on waste,” says Latini.

Increased Operational Scalability

Taking advantage of the inherent flexibility of Microsoft Dynamics NAV, RMJ was able to cost-effectively modify the system to gain enhanced batch-processing control and percentage-formula management. This functionality has played a critical role in enabling the company to scale up its operations while satisfying increasingly complex customer service-level requirements for packaging and inventory reporting. “With Microsoft Dynamics NAV, our production capacity is much more resilient because all of our business processes run more efficiently,” says Jose. “Because the system is so easy for our people to use, Microsoft Dynamics NAV has enabled us to increase our transaction volume while handling more sophisticated orders.”

Improved Quality Control

With Microsoft Dynamics NAV, RMJ has expanded the scope, rigor, and performance of its quality-control processes. By taking advantage of fully automated and auditable quality-assurance testing, RMJ can now meet the stringent internal control requirements of major cosmetics manufacturers. “The built-in

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quality-control functionality in Microsoft Dynamics NAV, combined with the ability to adapt the system to our specific processes and customer needs, has been vital to our continued growth,” says Jose. “With Microsoft Dynamics NAV, we’ve increased our output without sacrificing our trademark quality and consistency.”

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what’s most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

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