

New Dimension Solutions Delivers Full-Suite ASAP Implementation For Natural Organics

The Client:

Natural Organics, Inc. manufactures and distributes health supplements (vitamins, herbal extracts etc.) for distribution and sale in North America as well as in export markets in Europe and Asia. Natural Organics has three manufacturing facilities, two on Long Island, and a third one in Long Beach, CA. Two of the facilities are packaging/bottling plants, and the third plant manufactures the bulk tablets and capsules. Production is mostly make-to-stock, although some export products are made to order. Distribution is done directly to the customer from the packaging plants for domestic sales. Some products are manufactured on behalf of the company by a number of different sub-contractors. The company also has a distribution agreement with an Australian company to distribute that company's product in the US.



The Challenge:

Prior to SAP there was no significant attempt to plan production. Production was scheduled based on inventory days-on-hand, and was managed through a manual paper-based system. The company adheres to the FDA's Good Manufacturing Principles (GMP) in managing the production floor at each site, as well as the flow and tracking of materials. The new planning system uses the SAP Sales and Operations functionality to forecast predicted sales for a rolling 12-month period. This forecast is analyzed and adjusted if need be, before it is released to Materials Requirements Planning (MRP). MRP is run to generate planned production orders as well as purchase requisitions and transfers for all components, bulk products and raw materials. Production is scheduled on high-speed packing lines in discrete lots (based on lots of bulk material available). Production of the bulk material is driven by the demand for bulk products cascading down from the two packaging plants. All raw materials, bulk products and finished products are batch managed.

The Solution:

Standard SAP functionality was implemented to control production. Some custom reporting was required to manage both the forecast and certain elements of production. Warehouse management was implemented at two locations and works in conjunction with the MM module to manage the staging of components, bulk- or raw materials. Prior to SAP it was not unusual to see orders on the floor that had been scheduled months prior due to the fact that planning was reactive. With the new forecasting/MRP system planning is proactive and products are made only when required. Production planning has helped to make the flow of materials through the system far more orderly and predictable.

The implementation took 9 months from start to finish and followed SAP's ASAP methodology. The FI module went live first. The rest of the modules, and all sites, went live in a "big bang" fashion a month later. The total user population is 150 and manufacturing and PP users make up about 20 to 25 of the total. SAP release R/3 version 4.6B was used.