

Router Bit Manufacturer Installs Full-Function Enterprise Resource Planning System in Four Months

Onsrud Cutter, headquartered in Libertyville, Illinois, has been a leader in router bit manufacturing since Oscar Onsrud invented the router in 1920. It supplies standard and custom-designed high-speed steel, carbide tip, solid carbide, and diamond router tooling to manufacturers of aircraft, boats, furniture, cabinetry, and other plastic, wood, and composite products worldwide. When the company was dropped by its application service provider (ASP), it faced the problem of finding a new source for manufacturing software within a short period of time.

Making the challenge even more daunting, Onsrud decided to replace its entire enterprise information system in that same time. The team wanted a system that would be quick to install yet have the scalability and flexibility to support company growth. The problem was that with most enterprise software, high flexibility and quick installation are mutually exclusive.

Assessment and Evaluation Process

Onsrud conducted a thorough needs assessment, evaluated software packages, tested demos, and made onsite visits. The team wanted software that would: produce timely, customized reports to facilitate more-informed business decisions; supply real-time information, particularly for customer service representatives; and offer enhanced e-business capabilities. Onsrud selected Sage ERP X3. "Sage ERP X3 is a powerful, flexible system that we won't outgrow," says Robert Ostroga, president of Onsrud Cutter.

The Implementation Process

Onsrud uses much more functionality in every area of its operations—from shop floor to warehouse to sales—than most midsize companies. For example, the company uses complex pricing formulas, differentiating prices for its nearly 1,800 standard products by customer, territory, and tool type. With Sage ERP X3, a company can automatically discount an order involving multiple variables. Most enterprise management systems make users manually reprice each item or enter multiple orders.

Customer

Onsrud Cutter

Industry

Manufacturer of high-speed steel, carbide tip, solid carbide, and diamond-coated router tooling

Location

Libertyville, IL

Number of Employees

100

System

Sage ERP X3



Challenge

When Onsrud's ASP stopped supporting its manufacturing software, the company needed to implement a new solution rapidly.

Solution

Sage ERP X3 successfully balances flexibility and ease of implementation while offering extensive configuration and parameterization options.

Results

Full implementation in just four months. Scheduling and capacity planning capabilities ease bottlenecks. Configuration options support workflow.

The extensive parameterization capabilities in Sage ERP X3 give Onsrud the flexibility to give a customer a price break based on the number of items purchased from a broad category, for example solid carbide cutters, or based on the total value of an order for different items within a category. Traditional systems can process discounts only for a specific item.

An important part of Onsrud's decision to select Sage ERP X3 was the ability to perform finite capacity planning to help resolve critical bottleneck work areas.

Shop floor scheduling was a manual process with the previous system. Onsrud produces a number of products that are routed through different work centers or machines but which often flow into a common area. For example, carbide tip and steel bits flow through different work centers but end up in the same finishing area. This resulted in bottleneck situations that were difficult to resolve manually. By utilizing the Sage ERP X3 capacity optimization engine, Onsrud can filter out nonbottleneck work centers so schedulers can focus on optimizing known problem areas.

"We began installation in late August," says Ostroga. "On January second we were checking stock, shipping product, and issuing invoices with Sage ERP X3. Customers never knew the difference."

The import/export templates in Sage ERP X3 simplified the installation. They enabled the company's systems integrator, to convert every key master file and open transaction from Onsrud's previous system to Sage ERP X3, which minimized rekeying and cut significant time from the implementation schedule.

"We began installation in late August. On January second we were checking stock, shipping product, and issuing invoices with Sage ERP X3. Customers never knew the difference."

**Robert Ostroga, president
Onsrud Cutter**

Even more remarkable about the four-month turnaround is that Onsrud ran nearly every function in the Sage ERP X3 suite on day one—from sales quotes, sales orders, MRP, work order processing, and quality control to purchasing, returns management, and accounting, which allowed it to take full advantage of the completely integrated nature of the application.

"We understood that it was a challenge to squeeze what would, in the best case, have been a six-month project into four, but we have extremely technically competent managers at Onsrud, and the people from the systems integrator and Sage were top-notch," says Ostroga.

With a solid scheduling, transaction, and information system backbone in place, Onsrud is well positioned to grow and successfully compete in its marketplace without experiencing the daunting challenges that it faced earlier.

About Sage

Sage North America is part of The Sage Group plc, a leading global supplier of business management software and services. At Sage, we live and breathe business every day. We are passionate about helping our customers achieve their ambitions. Our range of business software and services is continually evolving as we innovate to answer our customers' needs. Our solutions support accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, manufacturing, nonprofit, and real estate industries. The Sage Group plc, formed in 1981, was floated on the London Stock Exchange in 1989 and now employs more than 13,500 people and supports more than 6 million customers worldwide. For more information, please visit the website at NA.Sage.com or call 866-996-7243. Follow Sage North America on Facebook at: [Facebook.com/SageNorthAmerica](https://www.facebook.com/SageNorthAmerica) and Twitter at: [Twitter.com/sagenamerica](https://twitter.com/sagenamerica).