

Haremar Plastic Manufacturing Wraps up a Perfect Solution With Sage 500 ERP

Since 1965, Haremar Plastic Manufacturing has been a leading Canadian manufacturer of polyethylene products for the North American consumer and industrial markets. The company and its customer product packaging subsidiary, El-En Packaging Co. Ltd, manufactures and distributes polyethylene films for a wide range of uses—from freezer-grade films to films for bread wrappers and cereal bags to courier pouches to the shrink film on the case of soda you buy from the superstore. The company's growth and success are based in simple, yet disciplined principals: Start with the best raw materials and utilize the latest technologies and equipment to deliver the highest quality products to customers.

Haremar Plastic relies on Sage 500 ERP,* a comprehensive end-to-end business management solution, to help drive its profitable operations.

Closes the Continuity Gap

Two years ago, Haremar Plastic found itself with a continuity gap—the two separate software systems it used to manage its accounting and manufacturing tasks were stifling the company's growth. "There was a disconnect between the different sides of our operations. Our software was not able to move at the speed of our business," explains Mark Lichtblau, corporate vice president for Haremar Plastic and El-En Packaging. "We didn't have transparency or a free flow of information. We were lacking what I call Business GPS—we had too little insight into our operations and not enough direction for decision making."

Flexibility Without Compromise

The company evaluated more than 20 available ERP solutions before deciding on Sage 500 ERP. "Sage 500 ERP has the demonstrated capability to handle a manufacturing operation of our size and complexity. It is dynamic, flexible, and capable of adapting to our changing business needs," says Lichtblau.

The availability of highly regarded and tightly integrated process manufacturing and scheduling components for Sage 500 ERP factored significantly in the selection process. "We are both a process and discrete manufacturer," explains Lichtblau. "Very few ERP solutions can handle both types of manufacturing effectively and equip us with advanced planning and scheduling tools to ensure efficient production. Sage 500 ERP with O2 Process Manufacturing and PlanetTogether APS handles all of our needs. It gives us the flexibility we need without compromising our requirements."

*Sage 500 ERP was named Sage ERP MAS 500 when Haremar Plastic Manufacturing Limited initially implemented this solution. The product names have been updated in this case study to reflect current naming.

Customer

Haremar Plastic Manufacturing Limited

Industry

Manufacturing

Location

Toronto, Ontario

System

Sage 500 ERP

- General Ledger
- Accounts Payable
- Accounts Receivable
- Cash Management
- Sales Order
- Inventory Management
- Inventory Replenishment
- Purchase Order
- Light Manufacturing/Advanced Kitting
- Warehouse Management

Sage Partner Solutions

- O2 Process Manufacturing
- PlanetTogether APS
- O2 Mobile Warehouse

Challenge

Haremar Plastic's separate manufacturing and accounting systems led to a disconnect in operations. Lack of precision and control led to waste and inefficiencies in production.

Solution

Sage 500 ERP, combined with Sage Partner Solutions, supports process manufacturing and production planning and delivers a comprehensive business management solution for the company.

Results

Profitability increased by 3 percent in the first 60 days with full ROI in less than one year. Increased inventory accuracy reduces costs by nearly 15 percent annually. Accurate batch costing increases profitability and product quality.

Haremar Plastic is equally pleased with its selection of a Sage business partner. “They have the product knowledge, business prowess, skills, and experience to support a large operation like ours. They have demonstrated their commitment to our success from the beginning with a very successful implementation,” Lichtblau says.

Increases Inventory Accuracy

Under the old system, inventory inaccuracies and the resulting adjustments often consumed up to 15 percent of the company’s raw material costs. “We simply didn’t have the accuracy we needed. In some instances we thought we had the material but didn’t. In others we had it on hand, but thought we didn’t. Our purchasing decisions were based on inaccurate data and often resulted in waste,” recalls Lichtblau. “Compounding the problem was the need for staff to perform the inventory adjustments to correct our stock levels once the errors were detected. Often as many as five individuals were involved in reviewing reports and settling the inaccuracies. It cost us a lot of time and resources.”

Now Lichtblau reports that inventory adjustments are less than 0.5 percent annually: “It adds up to a cost savings of nearly 15 percent per year—a significant sum. We have tight control of our inventory resources right from the start. The savings flow throughout the organization because we have fast access to accurate data.”

Gains Precision and Control

The company’s manufacturing operations run around the clock, 355 days a year. “We use a tremendous volume of raw materials, so even a small rounding error adds up over time,” says Lichtblau. “Before we only could batch by day, so precision, accurate costing, and control suffered. Now we have the precision necessary to accurately cost every batch and every product. As a result, overall product quality and consistency have improved as well as our profitability.”

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 12,300 people and supports more than 6 million customers worldwide. For more information, please visit the website at www.SageNorthAmerica.com or call 866-996-7243. Follow Sage North America on Facebook at: <http://www.facebook.com/SageNorthAmerica> and Twitter at: <http://twitter.com/#!/sagenamerica>.

“We increased profitability by 3 percent within the first 60 days alone, and we realized a full return on investment in less than one year. That’s success.”

Mark Lichtblau, vice president
Haremar Plastic and
El-En Packaging

Haremar Plastic also has experienced increased efficiency and productivity. “We have raised the level of sophistication of our operation—our entire inventory is bar coded, and warehouse staff is equipped with handheld, wireless data collection devices,” says Lichtblau. “This makes it easy to track product movement and lot numbers throughout the process.”

Employee morale has also improved. “Our staff is inspired by seeing the improvements we made and by being part of the decision making process and resulting success,” Lichtblau adds.

Full ROI in Less Than One Year

“We have a world-class solution that helps us better manage all aspects of our business,” concludes Lichtblau. “We increased profitability by 3 percent within the first 60 days alone, and we realized a full return on investment in less than one year. That’s success.”