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## Holmberg Reaches New Heights in Customer Service with Sage ERP X3

### Background

Founded as a family business in 1958, the Holmberg Company is the premier supplier of print-on-demand copier tabs, reinforced looseleaf papers and custom index tabs. A proprietary paper production process is a major contributor to their leadership status as one of the largest manufacturing facilities in the country, as they support a growing base of manufacturers, distributors and OEMs.



While superior products and production methods are important ingredients for corporate success and profitability, such rewards can be compromised if customer needs and delivery requirements are not satisfactorily met.

Holmberg takes the greatest pride in this aspect of the business, and they have a proven history of going out of their way to anticipate customer needs. They take continuous, innovative steps to meet these needs, while delivering superior customer service. For example, by turning orders around quickly with short lead times, they ensure that over 70 percent of the order lines ship on the order date. For custom-configured orders, Holmberg guarantees three-day delivery – while still maintaining low inventory levels – sometimes achieving 10 turns in a given month.

Holmberg's customer service priorities placed them at a crossroads in 2001. With company growth beginning to outpace its distribution capability – and having received notice from their legacy business software system supplier that they were dropping support for the product – Holmberg had to make a critical decision. "The system we used was falling short across the board," noted Rich Greig, Holmberg's Director of Operations. "Functional limitations in the marketing, sales, distribution and manufacturing areas prevented us from keeping our service and inventory levels from where they needed to be."

Furthermore, the company wanted to have real-time reporting and control of all key events and transactions

in the system . . . from order entry to shipping to payment collection. Armed with this information, they could make decisions that would give their customers the service required to run their businesses profitably. Holmberg also wanted to be a more competitive force in the market. With the right choice, a new system could help provide a level of customer service previously unattainable. "With greater inventory accuracy, visibility into production and purchasing requirements, better reporting and communicating methods – all of which would be included in a centralized and accessible database – we could set the standard within our industry for customer service," said Greig.

### System Evaluation

A steering committee was formed that consulted with every person in the company who interfaced with the system. "A local consulting company helped us with our selection," Greig explained. "We provided them with a specific set of requirements – particularly the need for a centralized database with extensive functionality, automated data collection capabilities, shop floor reporting and CRM. We also wanted to have Web-based ordering capability."

The consulting firm narrowed the initial list of 20 down to six. These six presented their systems in on-site demonstrations, after which the list was cut to three candidates. Sage ERP X3 was chosen among the finalists as the system that best met Holmberg's overall needs, particularly in providing a fully integrated suite for all operational areas of the business.

### The Implementation

The project kicked off in February 2002 and went live just five months later in July. Holmberg elected to install all core enterprise modules initially – manufacturing, distribution, warehousing/data collection and accounting – while deferring functions such as product configuration and CRM until a secondary phase.

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A key cultural change for the workforce was the introduction of radio-frequency (RF) terminals in the warehouse to take advantage of the efficiencies and accuracy of the new location management capabilities in Sage ERP X3. "This was a significant change for the entire operations group," noted Greig. "The introduction of location management, including implementing RF terminals required substantial training and follow-up in order to make full use of the capabilities." Automated data collection capabilities will be extended to the shop floor for time and attendance and labor reporting in the next phase.

Another aspect of Sage ERP X3 – its consistent, intuitive user interface across the entire system – also has had a positive impact on Holmberg's personnel. "Because our staff is cross-trained, we transfer people among departments frequently," noted Greig. "We also can modify screens with our own data and terminology."

Holmberg placed a high priority on streamlining the entire order fulfillment process utilizing the new rules-based orientation of the system. All customer orders logged into Sage ERP X3 are automatically sorted by ship date, and reviewed each morning to ensure prompt, on-time deliveries. Orders typically come in by phone and fax, although future plans include using Sage ERP X3's inherent Web-based ordering capability. Once inventory is allocated and deliveries are scheduled, Holmberg uses a new device-directed picking process. Scanning takes place at rack locations and the orders are staged for shipment and subsequent invoicing.

### Summary and Results

According to Greig, the system helped Holmberg to achieve its primary objectives. "Sage ERP X3 promotes inventory accuracy and has significantly increased the confidence of customer service representatives when they commit inventory to a customer order, particularly when it's a rush," he said. "In the same way, raw materials are confidently assigned to production schedules, allowing a smooth transition from one production run to another."

Greig noted that the benefits have added up significantly, improving customer service to 98.65 percent for on-time shipments and a stellar inventory accuracy rate of 99.2 percent.

As for the future, Greig noted, "Flexibility and room to grow were major factors in the new system upgrade." He added, "We can open remote distribution centers to support sales growth in another location using the same centrally-located system. However, regardless of the systems used, the ultimate responsibility falls upon the processes and accountability of the people who use them. Holmberg is incredibly fortunate to have a workforce that is committed to excellence and exceeding customer requirements."