



## **| Southfield Packaging**

Southfield Packaging provides packaging and distribution solutions to its customers. But with distinct internal inventory and financial systems, they needed a completely packaged integrated MRP solution. The company chose Navision's Axapta Integrated Enterprise Solution and today their operation processes are combined into one system, from warehousing to packaging to shipping -- and they have already doubled their revenue

### **Company Profile**

Southfield Packaging Inc. is a contract packager based in Stamford, Connecticut. In the past 17 years, Southfield Packaging has expanded its client list to include some of the nation's leading hair care, cosmetics, and health and beauty aid manufacturers.

The company established itself by providing packaging for the short-term promotional items that are not cost-effective for these large companies to handle in-house. And their shipping affiliations enable them to provide transportation of goods across the entire Northeastern Seaboard, from Pennsylvania to Maine.

### **Situation**

Southfield Packaging was using a FoxPro-based program created in house, requiring them to create their own shipping document and invoice. They could manage their inventory, but it wasn't linked to their financials and the processing of billing and purchase

orders was completely separate from the MRP. Southfield Packaging was looking for an MRP application that reflected the flexibility and integration that had been so key to the success of their packaging business.

### **Business Solution**

Caliber Solutions, Navision Business Partner introduced Southfield Packaging to the Navision Axapta application. They worked closely with Southfield's accountants to customize the financial integration with the manufacturing and inventory systems. With the Navision Axapta program's user-friendly functionality, training of the production and accounting staff was a smooth transition.

### **Benefits**

With every process at Southfield Packaging integrated

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into one system, the company is enjoying the benefits of the functionality the Navision Axapta solution provides. From a purchase order and fulfillment standpoint, Southfield expects to cut its costs in half. Accounts receivable and accounts payable are handled in one step, saving a great deal of time and ultimately money. In fact, Melfi reports that since implementing the Navision Axapta solution, Southfield has doubled its revenue – without adding to its administrative costs.

There is also greater control over the purchasing process because Navision Axapta has helped establish a uniform corporate purchasing policy. They are able to track their MRP process and monitor each job's progress. Now, with the ability to compare estimated versus real cost as the project moves ahead, the Navision Axapta solution ultimately helps Southfield better serve their clients.

### **Southfield Packaging: Putting it together in a neat package**

Southfield Packaging plays an integral role in the supply chain of its clients, filling the gap to produce the small promotional packages that aren't cost-effective for manufacturers to handle in house. When manufacturers want to bundle their products for special promotions, such as two-for-one deals, or introduction of a new product by giving away a free sample with the purchase of another product, Southfield prepares the bundles for distribution. This leaves manufacturers the time they need to focus on the tasks related to research, development and producing products. Since its incorporation in 1983, Southfield Packaging has grown quickly and amassed

an impressive list of clients including some of the country's major manufacturers. The company grew 30 percent in 1998, and since 1994 has actually doubled in size.

### **Challenged by independent systems**

When Southfield Packaging is doing a repackaging program, typically 80 percent of the materials that are going to be used in a shrink-wrap or two-for-one type offer belongs to the client. The contractor only supplies the tapes, glues, shrink-wrap and labor.

Prior to installing the Navision Axapta solution, Southfield Packaging handled its business using a FoxPro-based program created in house. They could manage their inventory, but it wasn't linked to their financials, preventing them from pulling information out to make sense of the business case. The processing of billing and purchase orders was completely separate from the MRP. Mark V. Melfi, III, vice president of Southfield believes that they were only able to "pull it off," because so much of the inventory belongs to clients and flows through Southfield Packaging so quickly.

Melfi explains, "Because it's not ours and only here for repackaging, we don't need to track its financial value. We're basically just tracking accounts, how much we have, how much has been made, and how much has been shipped out."

### **The right software package**

Southfield management was looking for a system that could unify all of its processes and enable them to

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establish a standard purchasing policy. The company was in need of an MRP program that reflected the flexibility and integration that have proven to be key factors in their own business success.

Navision Business Partner Caliber Solutions of Stamford, Connecticut, introduced Southfield Packaging to the Navision Axapta solution. Southfield Packaging agreed to install and begin running the beta software, going live in December, and by February running at 65 percent. Today they are running full force on all the modules.

Caliber Solutions president Einar Ulfsson believed that the Navision Axapta application could provide the elements that Southfield needed in an integrated enterprise application. "The Navision Axapta solution is brilliant when it comes to the new master planning module," explains Ulfsson. "It is among the strongest master planning functionalities you'll ever see. It has eight different time frames built in, allowing you to forecast three-to-five years into the future, and then using the system functionality to create a master schedule that typically looks one-to-six months into the future. Through the use of these time frames you can specify exactly how you want to run your business, both from an inventory and manufacturing perspective."

### **Implementing an integrated system**

Currently Southfield Packaging has five primary production people using the Navision Axapta solution. They are tracking the MRP process, which enables them to plan and report back to their clients on each job's status. Also, four accounts-payable and five accounts-receivable people are using the program. All

these positions are management, with the exception of a couple of data-entry people.

Ulfsson explains, "We worked with their certified public accountants on how to set up the financial integration between manufacturing and inventory. Because most companies have had little experience with enterprise resource planning we worked very closely. Next we developed the financials inventory, then we turned to productions, order processing, and customer records, purchase orders and banking, in that order."

The training went smoothly, especially for the people who had Windows 95 experience. "Once you get a feel for the logic behind it," says Melfi, "the Navision Axapta solution has a way of growing on you. The look of the screen is fantastic. It draws you in, and you just learn it. Once you make that jump, it carries across the whole app."

Because everything is consistent, training time is shorter. "What you see on the screen," explains Ulfsson, "is exactly what you need to do your job, as opposed to including a lot of extraneous information that might be in there simply because it might be useful in another application. We can easily turn off the extraneous information."

Caliber Solutions COO Birgir Nilsen adds, "The Navision Axapta solution is also unique for its architecture. It's a layer approach that stores the source code, modifications and user customization in different locations. Not only is the system's core protected, you can also protect your modifications. Another advantage of this technique is that it makes

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software updates faster, easier and safer."

### **Business integrated into a complete package**

Mark Melfi likes how the application looks and the way it responds. The fact that the Navision Axapta solution has more of a Windows NT feel is important as they look toward the future. He adds: "Our accountants have looked at the software and have worked with us, and they are very happy with the Navision Axapta solution. When you get their seal of approval, you know you're going in the right way."

Running a smooth and efficient operation is key to Southfield's success. An integral part of that is being able to track each job at every step along the process. "The fact is," explains Melfi, "the more timely, the more accurately, and the more easily we can service our clients and provide them with information on the inventory and status of their projects, the better."

"Logistics dictate that we handle a lot of inventory that doesn't belong to us," says Melfi. "Being so, the tighter the inventory controls, the better for our clients as it allows them quicker decision making. And the Navision Axapta solution is doing that right now. Furthermore, using the Navision Axapta business management solution we are now able to link our production and inventory information with our financial data, providing a real-time picture of our operation."

The ability to take a snapshot of what is happening in the company at any moment in time enhances management's understanding of the business processes, status of each job and the accuracy of the decisions being made. What happens on the production floor, all the way down to receiving in the

warehouse, is reflected back out to when the invoice is actually mailed.

"Having one tool that tracks, processes and produces financial and business reports is making all of us here a little bit smarter about what's really happening inside our business and understanding the repercussions of our decisions and actions," adds Melfi. "I can honestly say that we have changed for the better."

Now every process is integrated in one solution. For example, once a shipment is keyed into the system, it automatically becomes an invoice, eliminating a whole step. The same is true for inbound: materials are processed upon receiving. From a purchase order and fulfillment standpoint, Southfield expects to cut its costs in half. Accounts receivable and accounts payable are also now handled in one step.

Perhaps more important from management's perspective is the fact that the Navision Axapta solution has helped them establish and enforce corporate policy. "Unless all the elements are linked," says Melfi, "you tend to have a multiple sets of rules for different parts of the business. This makes controlling the purchasing process virtually impossible. Now with control from the top, we can establish a uniform corporate purchasing policy and eliminate people establishing their own agendas for what they want to purchase."

Another advantage is the ability to compare the estimated price of a project against the real cost as the project moves ahead. Comparison conducted enterprise-wide enables a company to identify its strengths and weaknesses. With every aspect of a job

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and every task being tracked, it's much easier to identify the profit and loss centers. "What companies uncover in this process," notes Ulfsson, "gets reflected right back to their clients who reap the benefits of efficiencies put in place."

### **About Caliber Solutions**

Caliber Solutions LLC  
117 Greenwich Avenue  
Stamford, CT 06902  
203 348-8929 (voice)  
203 324-7966 (fax)

Einar Ulfsson  
President  
[einar@calibersol.com](mailto:einar@calibersol.com)

Birgir Nilsen  
Chief Operating Officer  
[Bnilsen@calibersol.com](mailto:Bnilsen@calibersol.com)

*Caliber Solutions LLC provides complete ERP solutions for medium sized companies and is a leading developer of solutions utilizing Navision's Axapta software. Caliber installs standard Navision Axapta modules and also designs specific vertical industry solutions within the Navision Axapta package, targeting manufacturing, wholesale/distribution and professional services.*

### **About Navision a/s**

Navision a/s is a leading global provider of cost-effective and adaptable integrated business solutions that help companies in their quest to grow. The company has 124,500 customers worldwide, a global network of more than 2,000 partners, and 1,130 employees in 25 countries. The Navision product line consists of Navision Axapta<sup>®</sup>, Navision Financials<sup>®</sup>/Navision Attain<sup>®</sup>, and Navision XAL<sup>®</sup>. Navision a/s was created through the merger of Navision Software a/s and Damgaard A/S in December 2000. Its shares are listed on the Copenhagen Stock Exchange (CSE: NAVI). The company is headquartered in Vedbaek, Denmark.

You can learn more about Navision a/s on the Internet at [www.navision.com](http://www.navision.com).

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