Kellogg Garden Products Strengthens Roots With Sage MAS 500

Back in the 1920s, California orange farmers believed that soils became degraded by agriculture, and they abandoned orchards when yields fell. H. Clay Kellogg discovered that adding riverbed sediments brought spent orchards back to life. He created a booming business by marketing the sediment as Nitrohumus. His son expanded the company in the 1950s to offer a complete line of organic soil amendments and fertilizers, and pioneered the use of beauty bark.

Kellogg Garden Products, still family-owned, recently celebrated its 75th year in business. The company's customers include homeowners, retail garden shops, and major national retailers in six Western States and Hawaii.

New System Bears Fruit

Like a root-bound potted plant, Kellogg found itself constricted by an outdated accounting package. The system crashed frequently, and data was not reliable. "Inventory was a mess, and it didn't integrate with the general ledger properly," says Janet O'Neal, assistant treasurer. "We used paper because we didn't trust the system."

Sage MAS 500 ERP now handles Kellogg's business processes at all levels. The system receives products, tracks inventory, vouchers against receipts, and records goods when sold. Sage MAS 500 is also used at Kellogg Supply, Inc., a distribution subsidiary that sells non-perishable foods to the Hispanic market in the greater Phoenix area.

"With $4 million in inventory, 300 different products, and four warehouses, we appreciate how robust and accurate Sage MAS 500 is," O'Neal says. "Our raw material and labor costs vary depending on location. Sage MAS 500 lets us monitor each item independently—something not many systems can do. Inventory replenishment at our distribution site is so much more efficient that we've reduced our workload by 80 percent."

Customer:

Kellogg Garden Products

Industry:

Organic soil amendments

Location:

Carson, California

Number of Locations

Five

Number of Employees

280

System:

Sage MAS 500

- Accounts Payable
- Accounts Receivable
- Advanced Manufacturing
- Alerts
- Cash Management
- Customizer
- FAS Asset Accounting
- General Ledger
- Inventory Management
- Inventory Replenishment
- Material Requirements Planning (MRP)
- Purchase Order
- Sales Order

CHALLENGE

Unstable financial system crashed often, produced untrustworthy data, permitted haphazard usage, and could not track inventory.

SOLUTION

Sage MAS 500 with full suite of business, inventory management, and manufacturing modules.

RESULTS

Total time savings of 50 percent; reporting time cut by four fifths; distribution workload reduced by 80 percent.

Kellogg makes good use of the Sage MAS 500 Advanced Manufacturing module, managing three different manufacturing sites within one system. "We use the work centers and labor features built into the module to capture the overhead associated with each product," O'Neal remarks. "Whereas before we had to guess about profitability, now we have detailed information. We like the audit trails incorporated in to Advanced Manufacturing, too, and the way the module integrates with the General Ledger application. It allows us to find exceptions easily without spending weeks backtracking through records."

The Alerts module is helping keep communication lines open at Kellogg. "Our sales force is spread out in the field, and it's hard to keep them up to date," says O'Neal. "With Alerts, we can notify sales representatives with a text message on their cell phone whenever a customer has an urgent need or problem like a credit hold. We also use the module to flag the management team on especially large checks or purchase orders. This allows us to resolve all kinds of issues in a more timely manner."

A Fertile Future

Soon Kellogg will have the eExecutive and eSalesforce modules up and running. eExecutive will give the management group a real-time snapshot of financial status whenever and however they want, without waiting for monthly reports. The sales force will have complete account information on their laptops including history, current orders, and outstanding invoices.

An important intangible has been improved: internal processes. "Sage MAS 500 lets us do practically anything we want, but functions must be done in the right way—not loosey goosey," O'Neal comments. "I believe the improved discipline has made us a better-run company."

She also notes the role played by Kellogg's reseller, who was instrumental in implementing the new system. Despite the project's size and complexity, managing four physical warehouses and two separate companies in Sage MAS 500, the conversion was completed in just four months—on time and within budget.

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Above all, O'Neal says she values the improved efficiencies. "The time we're saving with Sage MAS 500 is enormous," she notes. "The ten days we used to spend every month preparing reports is cut down to two. We've reduced our workload in accounting, sales and marketing, and inventory reporting by about half."

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