

Success Story
Mid-Market Solutions



MUNTONS HOLDINGS GROUP: STREAMLINING THE SUPPLY CHAIN WITH SAP

The Muntons Holdings Group of companies, with a turnover of £55m, is a global supplier of malt products, converted from barley, to the brewing and food industry in over 40 countries. Its customers are household names such as Heineken, Interbrew, Stella Artois, Guinness, Carlsberg, Myers, Beechams and Weetabix. Head-quartered in Stowmarket it also has manufacturing facilities in Bridlington, Yorkshire, and Kirkcody, Fife, and employs 350 people.

In 1998, when Gerald Prior took over as Managing Director of Muntons, the malting industry, the process of turning barley into malt products for brewing and food production, had been in a state of flux, with many companies making a loss or closing down.

One of his first actions was to bring the board together to strategically review the entire business and look at how it could develop in the future. As Gerald Prior describes the result was a decision to “look at the entire supply chain, from the seed and fertiliser in the farmer’s field, right through to how our products perform in customers’ premises”.

QUILL PENS AND CARRIER PIGEONS

In September 1999 a project team was established with the remit to radically improve Munton’s supply chain in two areas. Firstly to raise the level of service it offered its customers and, secondly, to make the supply chain as cost efficient as possible. At this stage the project was not focused on a technological solution, in fact quite the opposite. As Gerald Prior explains “I told them that if they could do better with quill pens and carrier pigeons then that’s what they could have. I didn’t want them to get bogged down in a technological solution. What we needed was an overall improvement in our supply chain to increase our competitiveness in a highly price sensitive market”.

The project team started by defining the business imperatives which would give its new look supply chain the performance change Munton’s wanted. But as it did so it very quickly became apparent that Munton’s 16 year old bespoke system would not be capable of supporting them. It was expensive and difficult to change, many smaller systems had been tacked onto it and, as a result, work was being duplicated.

SYSTEM EVALUATION

Munton’s realised they needed an Enterprise Resource Planning solution and the project team started looking for a suitable system. At first they didn’t consider SAP. According to Gerald Prior, “Initially, from the rumours we’d heard, we believed SAP was far too expensive for us. But one of the companies we were talking to suggested it and we started looking at it.”





SAP (UK) Limited
Clockhouse Place
Bedfont Road
Feltham
Middlesex
TW14 8HD
Tel: 0870 608 4000
www.sap.com/uk/midmarket

One of the potential providers helped Muntons put together the specification for the project and it was sent out to tender. When the tenders came back, and were closely scrutinised, Muntons chose SAP and Logica. As Gerald Prior explains, "The most important driver for us, over and above cost, was whether the system would do what we wanted it to. Logica's SAP presentation turned out to be the best fit both for our needs and in terms of price."

Roger Barker, Finance Director, concurs. "We chose Logica and SAP for three reasons. Firstly Logica were the only supplier offering mySAP.com as the ultimate product, and that was attractive in terms of being able to conduct e-business with our customers. Secondly we believed they had the infrastructure to deliver the system within the very tight deadlines which were necessary for us to achieve our strategy. Thirdly, although buying barley might seem like a simple procurement process, it is actually the most complex part of our business. Logica were the only company who already had experience of implementing agricultural supply solutions."

TIME TO HARVEST

In mid-February 2000 the first phase of the implementation started. Muntons had decided to 'cut its teeth' and get a feel for the implementation effort involved by putting the payroll module in first. It was completed in record time and went live in just seven weeks.

Phase 2 started in mid-April and was scheduled for completion by the end of June. This phase covered most of the rest of the business including sales, procurement, production and accounting. It had to be completed before harvest time. As Roger Barker says, "Barley is a living commodity. What is available changes from year to year and varieties fall in and out of favour with our customers. The system had to be available to control the whole crop year if it was going to help us".

As it turned out the implementation took an extra month. Roger Barker continues "The timescale we set ourselves was just a little too tight and, in mid-June, we took the difficult decision to delay the system until the end of July. Luckily the harvest was the latest in living memory, delayed especially for our SAP implementation!".

Phase 3 of the system, asset management and accounting, product costing and some treasury functions, was completed two months later.

REAPING THE BENEFITS

Muntons are now looking forward to reaping the benefits of their system. Having upgraded to mySAP.com in January 2001 Roger Barker believes it will give them the infrastructure to improve their service to customers by trading electronically with them. Although e-business is not something that is currently prevalent in the industry, many customers are expressing interest in it and Muntons wants to be able to take full advantage of it by being an early adopter.

They also have high hopes for the Advanced Planning and Optimisation (APO) module. "APO is what will really make our SAP solution sing for us" says Roger Barker. "There are some administrative, streamlining and maintenance savings, but getting the supply chain right, making sure we purchase the right barley, for the right job, to be in the right place at the right time, will be the main benefit. If we get that right we've calculated that the project will pay for itself in just one year."

Muntons have also been extremely pleased with the HP servers they use to run their system. Prior to implementation they were concerned whether the server Logica had chosen would give them the response times they needed. Stress testing was undertaken but, as Roger Barker explains "We thought we must have given the system an unrealistic test as response was excellent. However, when we went live we realised the test was realistic, with the system easily coping with everything we threw at it." Reliability has been excellent too. Muntons are totally reliant on their SAP business solution and cannot afford any downtime. Since the system went live they have had over 99% uptime, and lost zero hours on the live system during normal working time. As Roger Barker says "HP hardware does seem to deliver the goods when it comes to providing Mid-Market companies with the world-class hardware to run world-class software".

Summing up the project Gerald Prior sees it as a vital step in Muntons development. "To do the whole thing in a year was a big bite, and it caused us some indigestion. But everything we've done made business sense. And our work isn't finished yet. If we are to be the best in our industry, everyone understands we must keep changing and adapting the system to continually improve how we operate."