

CASE STUDY

FLORACRAFT

Ludington, Michigan-based FloraCraft began 70 years ago as a small, family-owned organization, serving customers in the floral arrangements sector across the U.S. The business developed a relationship with Dow Chemical—who had found that the properties of Styrofoam™ made it an ideal product for arranging flowers—and then expanded production later moving into the craft market, making children’s products and educational items amongst others.

Industry:
General Manufacturing

Location:
Ludington, Michigan

Results



Floracraft switched from a legacy ERP to the Plex Manufacturing Cloud to increase operational efficiency and commercial success



Flexible production scheduling ensures that the company has the right levels of inventory at all times



By leveraging the manufacturing best practices built into the system, the company increased revenue by 60 percent



Reduced errors on universal product codes for over 3,500 SKUs with automated verification processes



Building a Business Around Customer Needs

Jim Scatena, FloraCraft's President and CEO, explains the philosophy that has helped his business become one of the most successful in its field. "We will pretty much do anything to please our customers, enhance our reputation and improve our reliability and relationships, which ultimately drives our business. We want to be that 'go-to' supplier, and that reputation has brought many benefits in terms of new business opportunities over the last few years."

By capitalizing on this reputation, FloraCraft was able to reinvent itself when it shifted strategies to focus more on mass-market production. This change of focus almost tripled inventory, or product lines, and helped them to secure additional shelf space with large-scale retailers.

Today, FloraCraft has a portfolio of 3,500 SKUs in production in any one year. However, with that increased SKU count and prime retail space came additional demands. "We had

fortified our logistics and supply chain capabilities but we were quickly outgrowing our technology needs. The expansion of new products brought increased lead-times for our overseas manufacturing operations," said Scatena.

With this in mind, FloraCraft's management team realized that its existing technology couldn't keep up with the needs of customers. The company's legacy system consisted of an MXP ERP that delivered printed financial and production reports which were simply sent for filing. The company also used WHSe-LINK from Interlink Technologies to manage their warehouse operation, updating data to MXP with a lag time of five minutes. Inventory wasn't serialized, leading to inaccuracies that were exacerbated during the transmission of data between the two systems.

FloraCraft was existing with a very limited view of its real operational capabilities and financial status. "We view IT as core to our business and want to truly leverage its capabilities to improve process, create competitive differentiation, and help grow our business," said Scatena.



The people at Plex became our partners, not our suppliers.
They were willing to explore new ideas and add features.
Their continued involvement gives us great confidence regarding
our ability to grow and meet the demands of our customers.

—Jim Scatena

President and CEO, FloraCraft

The team embarked on selecting a new ERP that could provide a single view of the business, from the moment raw materials are delivered to the moment financial reports are produced.

Leveraging Manufacturing Best Practices in the Cloud

“We undertook a thorough review of our options, going to demos from a number of providers including Epicor, NetSuite, and Microsoft Dynamics,” said Scatena. “Ultimately the Plex Manufacturing Cloud was a much better match for us. It had all the processes we needed integrated into one solution. And when we saw it running in production environments at Plex customer sites, we decided it was the perfect fit for us.”

FloraCraft liked the fact that the Plex Manufacturing Cloud is a true cloud solution. Every user has always-current functionality so there are no issues with version control or functionality gaps. Scatena added, “We only have two IT folks at FloraCraft so not having to manage additional servers and software is a real bonus for us, as is the minimal overhead required to upgrade versions or manage ERP licensing!”

Knowing what a significant change this deployment would make to their operations, and recognizing the low margin/high volume nature of the business, the FloraCraft management team designed a testing and training plan specifically to mitigate risk, make cutover completely seamless, and protect production integrity.

“We decided to bring the Time & Attendance module online first so that HR, supervisors, and employees could get used to the system. Following this, we tested how some of our most complex processes would work, learning each new module with our project manager at Plex. We figured if the application worked seamlessly to deliver products that require up to six steps everything else would be a breeze,” Scatena said.

“This testing phase actually gave us some unexpected benefits. It allowed us to tear up our old processes, get rid of old habits, and start over,” added Scatena. As we built up the layers of complexity by testing Plex across the business, from receipt of goods to shipping and invoicing, we often uncovered opportunities to enhance the way we work.”

As powerful as any system appears to be, it can only deliver value if users work with it. FloraCraft’s IT Director, Wally Cain was concerned about the low level of IT skills amongst the plant floor workforce and whether this would in fact be a roadblock to the Plex installation. But that proved not to be an issue. “Most of our processes were paper based but we put intensive training in place and within a matter of weeks, all of our shop floor personnel were using Plex very well,” said Cain.

Now the Plex Manufacturing Cloud enforces scanning and verification of UPC codes within the manufacturing process. Before Plex shop floor staff relied on manual verification, which was subject to mistakes given that FloraCraft holds 3,500 SKUs. With Plex, verification is at 100 percent.

The company has also seen a 60 percent increase in revenue with zero percent increase in labor hours.





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Becoming a Stand-Out Supplier for a Large Customer

Within a few months, FloraCraft rolled out the Plex Manufacturing Cloud across all four of its plants. The resulting transformation on operational efficiency led the company to win the 2014 Walmart's Supplier of the Year accolade. Walmart looks to its suppliers to execute on some important metrics around sales growth, on-time shipping and fill-rate, gross margin return on investment, retail unit turns, and replenishable in stock—where 99 percent of their stores have to be stocked on any given day.

“The Advanced Planning & Scheduling functionality was particularly useful in helping us better serve Walmart,” Scatena said. “Every week the retailer updates its warehouse order projections in terms of what it needs to buy. We load this information into Plex and get a view of Walmart's forecast versus what we have on order. This gives us much better visibility of

lead times for suppliers like this. Also, being able to dynamically schedule production allows us to ensure we have the right quantities of materials at the right time.”

This efficiency has resulted in an increase in FloraCraft SKUs placed with Walmart by an incredible 60 percent. “With Walmart we have a six-day lead-time. They send their orders in on a Tuesday and we ship them back on Friday through to Monday, so it's vital that we have the right inventory on hand,” said Scatena.

‘Fill Rate’ is another measure Walmart uses, which FloraCraft meets using the serialized inventory capabilities in the Plex Manufacturing Cloud. The company has 160 SKUs with Walmart, in high volumes, and now has the ability to track all of its inventory, which helps to ensure Walmart gets the right product at the right store. Plex has helped FloraCraft to increase fill rates from an excellent 99.35 percent to an even better 99.7 percent.

“With Plex, we have more accurate costing data, which allows us to do something extraordinary—pin costs down to one tenth of a cent!”

—Jim Scatena, President and CEO

Gaining Visibility and Insight into the Numbers That Matter

Financial reporting is crucial for FloraCraft’s low-margin, high-volume business model. In the past, the company would generate financial statements, but accuracy was questionable. “Before Plex, our costs were best guesses and we’d factor that with as much actual data as we could manually collect. With Plex, we have more accurate costing data, which allows us to do something extraordinary—pin costs down to one tenth of a cent,” said Scatena.

Profitable product development is also far easier now due to the real-time data FloraCraft can derive from Plex, and this is helping the leadership team to make better and faster decisions about which products to invest in for the future. Plex’s business intelligence tool allows managers to gain insights across all departments and even operational staff are benefitting. “By creating production dashboards that associates can see with data such as rates per hour, fill rates, and shipping metrics, all in real time is something we could only dream of before, and it’s something that is really motivating our staff,” Scatena said.

For the future, FloraCraft plans to roll out additional Plex capabilities within its Mexico facilities.

ABOUT PLEX

Plex Systems, Inc., a Rockwell Automation company, is the leader in cloud-delivered smart manufacturing solutions, empowering the world’s manufacturers to make awesome products. Our platform gives manufacturers the ability to connect, automate, track and analyze every aspect of their business to drive transformation. The Plex Smart

Manufacturing Platform includes solutions for manufacturing execution (MES), ERP, quality, supply chain planning and management, Industrial IoT and analytics to connect people, systems, machines, and supply chains, enabling them to lead with precision, efficiency, and agility. Learn more at www.plex.com