



Overview

Country or Region: United States
Industry: Manufacturing, Food Service

Customer Profile

Texas-based CF Chefs is a specialty food manufacturer that formulates, manufactures, and packages dry and liquid sauce products for companies in the food industry.

Business Situation

To better future growth, CF Chefs wanted to streamline its manufacturing processes and provide better intelligence to executives.

Solution

CF Chefs chose JustFoodERP, a Microsoft® Gold Certified Partner and certified solution powered by Microsoft Business Solutions–Navision®, now part of Microsoft Dynamics™.

Benefits

- Increased inventory controls, decreased inventory levels by 15%
- Lowered manufacturing costs by 5%, raised quality compliance
- Streamlined operational processes, saved hours on recalls annually
- Enhanced business intelligence promotes sound decisions

Specialty Foods Manufacturer Expects 82% ROI As It Drives Profitable Growth

“Microsoft Navision benefits all employees in some way, whether or not it’s directly involved in their daily duties. Operations are now unified from inventory to manufacturing to sales.”

Ray Crews, Vice President and Controller, CF Chefs

Located in Dallas, Texas, CF Chefs is a dry and liquid sauce manufacturer with customers nationwide. CF Chefs has experienced 25 to 35% growth in the last six years, even adding an entirely new product line. The company was challenged with a lack of manufacturing and reporting capabilities through its systems and was looking for a solution that would grow with its business. CF Chefs considered SAP and Oracle, but chose to partner with Microsoft® Gold Certified Partner JustFoodERP, an industry-specific solution for food manufacturers powered by Microsoft Business Solutions–Navision®, now part of Microsoft Dynamics™. As a result of its implementation, CF Chefs is now on track to achieve an 82% return on investment in the first five years, and has lowered manufacturing costs by 5%, and expects to decrease inventory levels by 15%. CF Chefs is now positioned for continuous, profitable growth.



CF Chefs was founded in 1989 with the goal of providing excellent sauces and gravies to the food industry. Most CF Chefs customers are restaurants and restaurant chains, industrial manufacturers of food products, and food services providers.

The company's outstanding reputation in the industry results from consistently providing high-quality products. An industry-leading innovator, CF Chefs dedicates significant resources to the creation of new products. At any given time, the company's culinary experts might be developing, testing, and refining 15 to 20 new products. Continually producing a top-level product requires a careful transition process from the development lab to the manufacturing plant, and CF Chefs monitors product creation diligently with highly trained and educated staff.

Having consistent structured processes and increased visibility to data with Microsoft Business Solutions–Navision will allow CF Chefs to continue its fast growth, increase the effectiveness of business processes, and be even more responsive to its customers needs.

Situation

Founded in 1989, CF Chefs provides high-quality sauces and gravies to restaurants, industrial foods manufacturers, and contract feeding services. CF Chefs has three product lines: dry goods, roux, and liquids.

Growing the Business 25 to 30% in Six Years

The sauce and gravy company has experienced significant growth of 25 to 30% in the last six years, especially after it added a line of liquid products. Previously, the company focused on dry, powdered products. The new liquid line required new manufacturing facilities. The company wanted to ensure it could continue to grow with flexible, efficient business processes. CF Chefs also wanted to be more responsive to its customers' needs.

To track overall operations, from orders to manufacturing, CF Chefs used a legacy enterprise resource planning (ERP) software system. However, employees struggled with the lack of manufacturing management capabilities, as well as a lack of reporting capabilities. For instance, management wanted to track customer sales, but CF Chefs executives weren't able to see the information in a way that helped the executives gain insight. CF Chefs also wanted a true process manufacturing solution that would work across all its lines of business. "You never yield exactly what you hope to in the process manufacturing business," says Ray Crews, Vice President and Controller at CF Chefs. "In our legacy system, we had to manually make all the adjustments."

Another key issue was lot-based costing—a critical business function that CF Chefs' legacy system didn't support. "Our inventory turns quickly, and we do actual costing when it comes to ingredients. Many other systems mandate that you do standard costing—and

that didn't fit with our business model," says Crews.

People in all areas of CF Chefs encountered challenges—in accuracy, timeliness, and productivity. Executives had difficulty planning with only annual—and not real-time—inventory numbers available. Business decision makers found planning especially difficult for contingencies, such as special customer requests, because timely financial information was not available and managers couldn't easily review sales results and account histories. In fact, it took more than 10 days for managers to obtain accurate financial statements.

Employees had to compile paper-based reports in spreadsheets to track inventory, revenue, invoices, and distribution data and, therefore, errors were common. In accounts payables and accounts receivables, employees had to spend inordinate amounts of time identifying and resolving errors. Customer service personnel faced challenges both in pricing and delivering product. Crews adds, "Orders were handled so many times that error rates were high."

Searching for a Process Manufacturing Management Solution

It became clear that the current business technology was not able to grow with CF Chefs without increasing staff or implementing staff overtime. CF Chefs evaluated several different systems, including SAP and Oracle. The company even brought in food experts to help decide which solution would best fit its industry.

The company realized that it wanted a solution that would be supported in the future and work with the Microsoft® products and technologies it already used. Already in place were Microsoft SQL Server™ 2000, Microsoft Office 2003, and Microsoft Exchange Server, among others. CF Chefs also has purchased



W.R. (Bob) Seeds, President and Chief Executive Officer. Bob founded CF Chefs, Inc., in 1989. Bob's entrepreneurial spirit and his technological expertise make CF Chefs a success and a leader in the industry for quality products. Bob sees just how valuable the Microsoft Navision solution is to his business as it helps CF Chefs grow and takes it to the next level.

Microsoft Dynamics™ CRM, which it will implement in the near future.

“We wanted to find one solution that would help us run all important processes in our business—and that would always be supported,” says Crews.

Solution

CF Chefs selected Microsoft Gold Certified Partner JustFoodERP to implement a solution that would address its unique business process needs. This industry solution is powered by Microsoft Business Solutions–Navision®, now part of Microsoft Dynamics, and helps CF Chefs run its operations, from sales to order management, to inventory, manufacturing, and shipping. Microsoft Navision gives CF Chefs exactly what it sought: A solution that fits with its in-place systems and is familiar to its people. And Axentia, a specialist in implementing Microsoft Dynamics software, was the perfect partner.

Less than 60-Day Implementation of Integrated Solution

For CF Chefs, Axentia extended Microsoft Navision with JustFoodERP, Axentia's own software product to serve the food industry. JustFoodERP has more than 30 richly featured components to support such business activities as batch processing and inventory. The majority of the implementation was completed in less than 60 days.

“JustFoodERP really understands process manufacturing,” says Crews. “With Microsoft

Navision and JustFoodERP, we have one integrated, true process management solution.”

The implementation went smoothly: CF Chefs chose Axentia in July 2005, received the software August 1, and went live with the solution just three months later, on October 1. “In just 60 days, the CF Chefs and JustFoodERP team was able to implement a fully functioning ERP system that started achieving results the minute it was turned on,” says Marc Digiorgio, Vice President of Vertical Practice at Axentia.

Full Control over Business Processes

With the new solution, employees can reliably track the company's fluctuating inventory every day. CF Chefs no longer needs to perform a yearly inventory count, which required shutting down the entire production facility, and resulted in an increase in employee overtime costs to “stock up” production before shutting down. Inventory reporting has changed as well—workers now can see inventory and related costs at a much higher level of detail. Executives can use this information for forecasting and planning, and executives and managers make extensive use of the sophisticated reporting capabilities of Microsoft Navision.

For CF Chefs, manufacturing is the foundation of its business. Microsoft Navision allows the company to perform capacity planning and adjust manufacturing processes to reflect demand. Employees can now maintain multiple bills of materials and can

Inventory Benefits with Microsoft Navision

Percent reduction in time and resources spent on inventory counts	66%
Percent reduction in obsolescence	1.5%
Percent decline in inventory levels	15%

Figure 1. CF Chefs Return on Investment Analysis shows all the costs pertaining to the software implementation, together with the expected return. CF Chefs will gain an 82% return on its investment in the first five years.

update them easily throughout the process. CF Chefs is doing actual costing on ingredients and packaging—an activity that was a major pain point with the previous software tool.

“Microsoft Navision and JustFoodERP give us the ability to do actual costing. Because we maintain low margins on many products, actual costing is critical to keeping our budget in check,” says Crews.

Simplified, More Efficient Workflows

Additionally, employees now enter sales orders just one time, and supply orders can be managed electronically so invoice payments are correct. And rules-based pricing, a feature that allows CF Chefs to establish rules around its pricing, eliminates mistakes. “Rules-based controls help ensure we don’t have costly mistakes with customers,” says Crews.

Employees use rules-based ordering, as well. “CF Chefs employees no longer have to use

CF Chefs Return on Investment Analysis (in thousands USD): Five Year Cumulative View

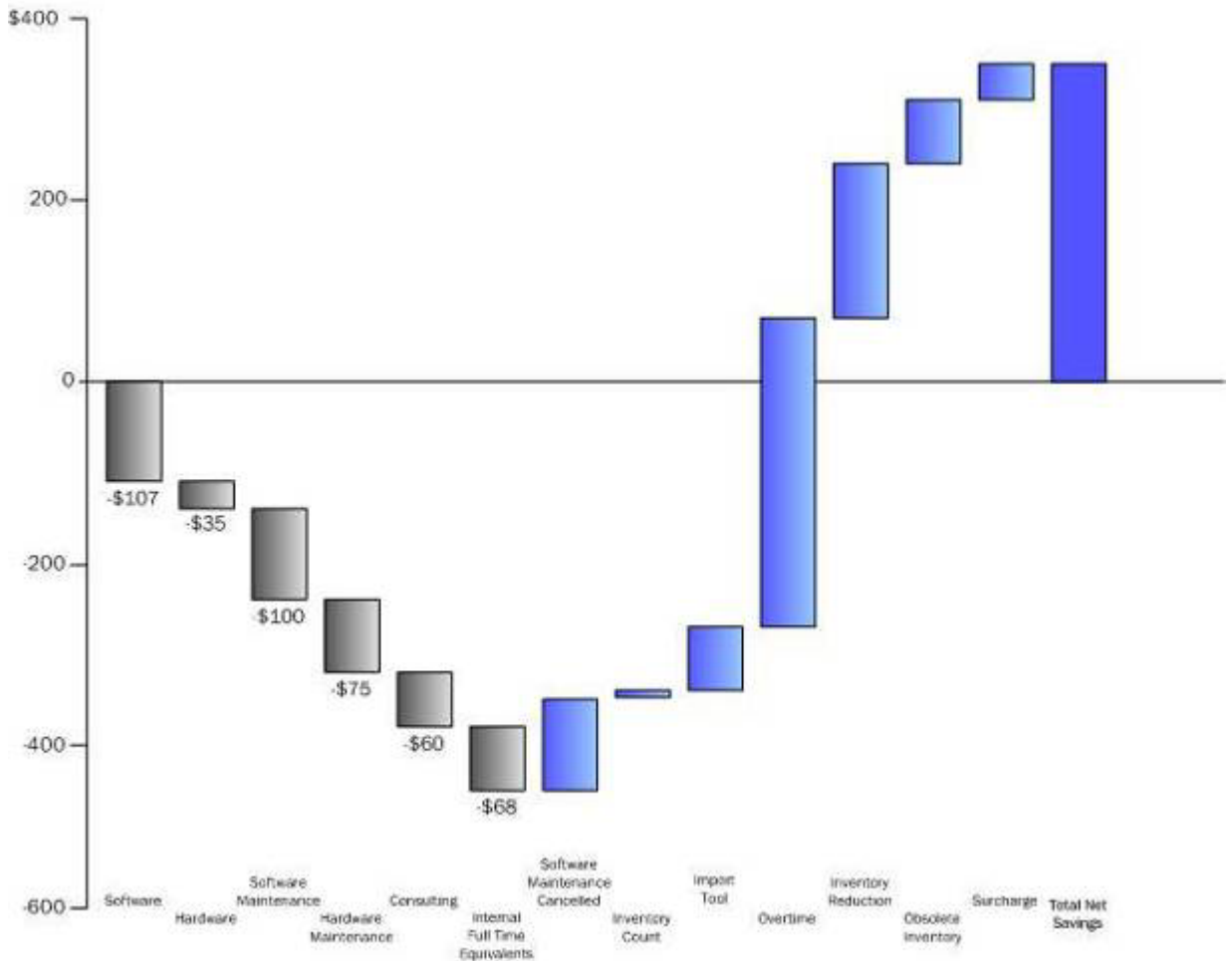
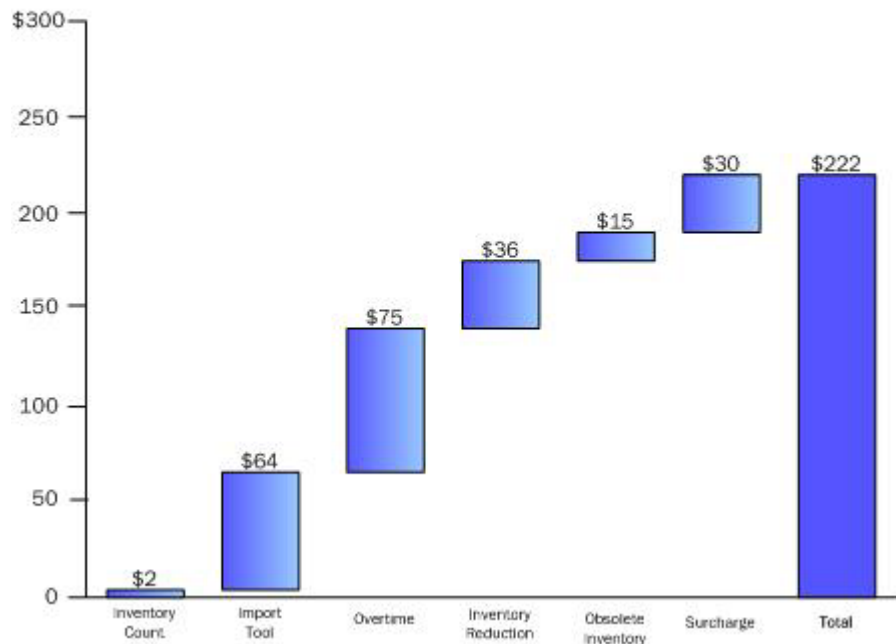


Figure 2. CF Chefs has experienced cost efficiencies in areas such as contract labor and inventory.



Ray Crews, Vice President and Controller. Ray brings vast experience and knowledge in IT and cost controls, having worked for many years with a Fortune 500 food company, and later as co-founder of a software company that serviced food manufacturing companies. Ray values the Microsoft Navision solution for its ability to help employees be more productive during a time of growth.

Annual Benefits (in thousands USD)



manual reporting methods and spreadsheets,” says Crews. “Instead, employees access detailed, real-time information.”

Today, pricing is more accurate and reliable because employees can view material costs per line item. Salespeople now can find sales orders immediately in the system, and they also can review all price changes as soon as they are made.

“Microsoft Navision benefits all employees in some way, whether or not it’s directly involved in their daily duties,” says Crews. “Operations are now unified from inventory to manufacturing to sales.”

Benefits

The Microsoft Navision and JustFoodERP solution is helping CF Chefs to gain efficiencies in all of its business operations. The company increased inventory controls and decreased inventory levels by 15%, while lowering manufacturing costs by 5%. CF Chefs also streamlined all of its operational processes and strengthened its business intelligence. Overall, CF Chefs is poised to gain an 82% return on investment (ROI) and a 61% internal rate of return (IRR) in the first five years.

CF Chefs expects also to receive payback on its investment in approximately 32 months.

“We see the Microsoft Navision solution as an enabler of growth, whereas before, technology was a barrier to taking the

“CF Chefs employees no longer have to use manual reporting methods and spreadsheets. Instead, employees access detailed, real-time information.”

Ray Crews, Vice President and Controller, CF Chefs



Terrie McKee, Vice President of Purchasing. In addition to her purchasing function, Terrie coordinates customer orders. Her background with suppliers and purchasing ensures excellence in this area. Terrie has seen enormous strides in her department since the adoption of Microsoft Navision, from streamlined processes to increased accuracy and integration with other departments.

business forward,” says W. R. Seeds, Chief Executive Officer, President, and Founder of CF Chefs. “We plan to grow in the next several years and don’t think we’ll have to get a new system any time soon—if ever. Microsoft Navision will grow with us.”

Increased Inventory Controls, Decreased Inventory Levels by 15%

By improving inventory processes, CF Chefs benefits from increased inventory turns, less time and resources spent on inventory counts, and less inventory obsolescence.

“The previous system couldn’t support our costing and fast inventory turns. Other systems only let you do standard costing instead of actual costing, but Microsoft Navision supports both,” says Crews.

Streamlined inventory counts have resulted in a 66% reduction in the time and resources spent on these counts. Due to these cost and resource savings, CF Chefs will be performing monthly inventory counts instead of its previous yearly counts during which it had to shut down the production facility.

Accurate inventory tracking has also led to a 1.5% reduction in obsolescence and a decline in inventory levels of more than 15%. Both reductions increase the cash flow that CF Chefs can invest in operations or new product development.

Lowered Manufacturing Costs by 5%, Raised Quality Compliance

Overall, manufacturing costs are down 5% from 2005 to 2006 as a result of efficiencies and the availability of more accurate, timely

information throughout the planning and performance of the manufacturing process.

Process improvements also helped decrease rework percent to almost nothing. When a product has to be reworked, it needs to be manufactured again.

Microsoft Navision will also make it easier for CF Chefs to adhere to regulations for bioterrorism prevention and cleanliness. In a recent quality inspection, CF Chefs received a quality assurance (QA) score of 95.6%—well above the required 90%. The company was also able to exceed the regulatory requirement that recalls must be completed within two hours—CF Chefs could locate and remove an inventory item in less than 15 minutes.

“At CF Chefs we have the best manufacturing technology to ensure customer satisfaction and product quality and, now, with our Microsoft solution in place, the excellence of our business management technology matches what we strive to accomplish in our manufacturing process,” says Seeds.

Streamlined Processes, Saved Recall Hours Annually

Order errors and pricing inaccuracies have sharply declined with rules-based ordering. CF Chefs has also increased its order volume throughput by six times what it was before the solution, and more than doubled its order value processing.

Order entry clerks also spend one-third less time on order management than they used to. “Now we have a true real-time system

Manufacturing Benefits with Microsoft Navision	
Percent of rework from process improvements	0%
Decrease in manufacturing costs from 2005-2006	5%

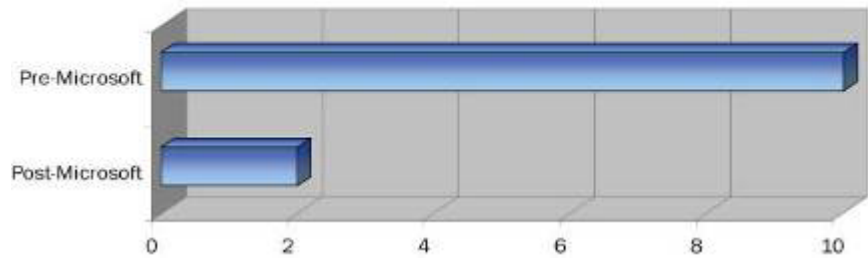
Figure 3. CF Chefs employees now can perform month-end closings in two days instead of 10 with the previous solution.

Figure 4. CF Chefs has enhanced its reporting and now employees spend one week on budget activities instead of four weeks.

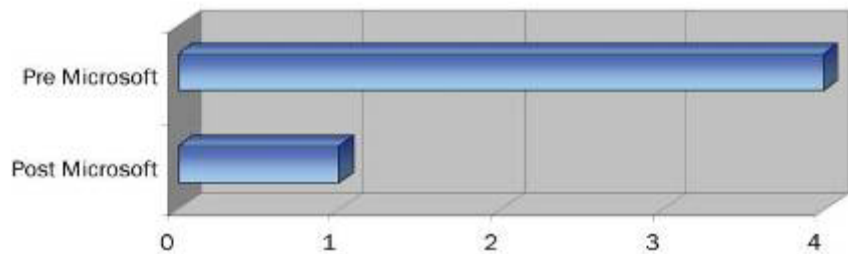


Mike Krafft, Vice President of Manufacturing. Mike has managed production operations for Fortune 500 companies, and he understands process control at all stages of the production process. He has seen how the Microsoft Navision solution has enabled CF Chefs to maximize production utilization and personnel efficiency to ultimately lower costs.

Number of Days to Close Monthly Accounts



Number of Weeks to Perform Budget Process



where purchasing can rely on the numbers. Our numbers no longer are two days behind events,” says Crews.

CF Chefs benefits from the Microsoft Navision reporting capabilities in sales and customer relations. Sales staff now has visibility into a customer’s sales history, can form more productive customer relationships, and are more responsive to customer needs. Sales employees can see up-to-date pricing information and offer correct pricing to customers. “By using rules-based pricing, we now avoid mistakes that could cost several thousands of dollars,” adds Crews.

By automating CF Chefs’ financial processes, employees now can perform month-end closings in just two days, not 10, as seen in Figure 3. Enhanced financial reporting has allowed employees to spend less time on the

budgeting process—it’s shortened from four weeks to one week, as shown in Figure 4. Crews says, “Closing the monthly accounts has become a non-event at CF Chefs. We’ve seen a 25% improvement in the number of transactions processed per employee.”

Enhanced Business Intelligence Promotes Sound Decisions

With the new solution, CF Chefs executives now have a much broader and more accurate view of the business. Reporting processes across all lines of business are streamlined, error-free, and in real-time, providing the necessary facts and figures. Company leadership can conduct strategic planning in confidence, make forecasting decisions with ease, and take the company to the next level of growth fully equipped.

“We see the Microsoft Navision solution as an enabler of growth We plan to grow in the next several years and don’t think we’ll have to get a new system any time soon.”

W. R. Seeds, Chief Executive Officer and President, CF Chefs

“The integrated Microsoft Navision and JustFoodERP solution provides us with a timely view of our critical financial, customer, and production performance figures,” says Crews. “Now we spend our time analyzing the business and driving growth—instead of researching and verifying business performance information.”

Other Benefits with Microsoft Navision

Number of days spent on monthly close for finance now 2 days

Number of days spent on monthly close for finance before 10 days

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about JustFoodERP products and services, call (866) 788-1086 or visit the Web site at: www.justfooderp.com

For more information about CF Chefs products and services, call (800) 332-8812 or visit the Web site at: www.cfchefs.com

Data used in this case study was the result of a detailed analysis by Mainstay Partners. For more information about Mainstay Partners services and solutions, call (650) 638-0575 or visit the Web site at www.mainstaypartners.net

© 2006 Microsoft Corporation. All rights reserved. This case study is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY. Microsoft, Microsoft Dynamics, the Microsoft Dynamics logo, and Navision, are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. All other trademarks are property of their respective owners.

Document published August 2006

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics

Microsoft Business Solutions-Navision
Now Microsoft Dynamics-NAV

Software and Services

- Microsoft Dynamics
 - Microsoft Business Solutions-Navision
 - Microsoft Dynamics CRM
- Microsoft Servers
 - Microsoft SQL Server 2000
 - Microsoft Exchange Server

- Microsoft Office System
 - Microsoft Office 2003

Partner

- JustFoodERP, an Acentia company

Microsoft