



Tulocay & Co. achieves better supply chain control, improves communication and addresses potential safety issues with BatchMaster Manufacturing for SAP Business One

Company Name

Tulocay & Company

Location

Napa Valley, California

Industry

Food Manufacturing

Solution

BatchMaster Manufacturing for SAP Business One

Founded in 1993, Tulocay & Company is an award-winning, premium food manufacturing company located in Napa Valley, California. Tulocay & Co. is passionate about food and finds inspiration for their products in the local flavors, as well as the global flavors found in the award-winning restaurants in the Napa Valley. They started with a single product: etched olive oil decanters sold to wineries, hotels, and other private label customers. Its success inspired and motivated them to step into food manufacturing, and introduce an array of olive oils and vinegars created for leading specialty food retailers. Since then, they launched multiple House Brands that include the celebrated all-natural "Made In Napa Valley" specialty food brand, "Vineyard Pantry" value-priced, all natural supermarket brand, "Kingslake & Crane" premium brand granola and "Good Housekeeping Good Food" affordable, easy to use, seal approved supermarket brand that features a medley of sauces that range from barbeques and marinades to Asian and Mexican flavors, pasta sauces, mustards and vinaigrettes. In addition to house brands, they also develop and manufacture shelf stable finished food products for prominent national and regional grocery and specialty retailers throughout the United States. It is, however, the 'Hot-Pack' products such as Sauces and marinades that are the more complicated, simply because of the nature of the batching, the filling, the cooling. CEO Howard Mergelkamp suggested that managing these products is the "Litmus test" of how well a system will manage the most complicated way you make a food line.

many things that it didn't meet their basic needs. It served them well on the financial side but on the production side Tulocay had to shoehorn in and do a number of workarounds to accomplish their routine tasks, as well as manage major operations. They needed something that could give more focus to this wonderful tool, SAP Business One, to meet the needs of their business. They were reluctant to customize the application, as they felt it was a more expensive and risky option. Tulocay started looking for other solutions that could meet their production needs. Said Mr. Mergelkamp, CEO *"The way the industry works is that there are a lot of 'Mom & Pop' businesses. They start there and work their way up, usually using something like QuickBooks, Access or even just Excel spreadsheets for their finances, their ordering, the whole works. Once you get beyond a local/regional kind of size, you have to have some type of ERP system to manage the workflows and financial areas - anything less is just not practical. We needed a solution that works for us and how we work; one designed specifically for Food. At the same time, we needed to do a running change, we could not shut down one system while we implemented a new one. We figured that someone must have already done the work of 'customizing' SAP Business One to cover the production side for food."*



The Hitch

Tulocay's prior founder had invested in the SAP Business One platform in 2005; which was a big step up from QuickBooks supported by an Access Database that they had been using. Though SAP Business One was a great, broad platform with many tools; it was so broad and captured so



“We needed a solution that works for us and how we work”.

Howard Mergelkamp, CEO

The urgency of the hunt intensified on receiving the news of an up-coming SQF Audit, a three-day SQF Audit which was required to continue supplying several of their big clients, Target, Wal-Mart, etc.. Howard Mergelkamp shared what giant retailer and supermarkets chains have to say *“Wal-Mart, Target are already mandating that if you want to play you need to pay. It became obvious we needed a proper system to cover traceability, and manage all the documentation required.”* Anyone in the sauces and marinades industry with considerable volume will get to a point of growth and compliance where a SQF audit becomes a necessity. It was a big event for Tulocay and thus it became imperative for them to have a solution implemented before the SQF Audit. Their main focus was on a system that could speed up product recall and provide it with significant accuracy in considerably less-time. Moreover, Tulocay has multiple lines, and those lines are flexible. They needed complete assistance in managing the workflows in these lines and how they process, along with capabilities to track quality control points.

VISION with BatchMaster

Vision33, a BatchMaster Partner, brought Tulocay immediate relief by introducing BatchMaster Manufacturing for SAP Business One - the ERP best fitted to their needs and pockets as well, with the advantage of leveraging the financial platform they had already invested in. A thorough and diligent assessment of their needs and processes at the front end was followed by a demonstration that resulted in instant connection with Tulocay. According to Howard Mergelkamp, *“Selecting BatchMaster was two-fold. One, they knew our core issues out-of-the-gate which was critical. Two, they understood our issues very quickly, and we able to address our specific quirks and needs very quickly as well”.*

Mergelkamp acknowledged BatchMaster as having a process manufacturing mentality that demonstrated strong industry expertise, understood their business, worked as they do, and allowed Tulocay to focus on work flows especially on how to dive down on their specific needs. *“How we set it up is very much how they think”*, Howard Mergelkamp commented.

Achieving Quality and Compliance

Soon after the implementation was the SQF audit that demanded mock product recalls. Much to their amusement, the recalls were super-fast, achieved in just two hours with only one person. Before BatchMaster, such recalls with a similar level of information took almost a complete day, and involved many people. They were now able to access and assess information to a greater level, at a super fast speed.

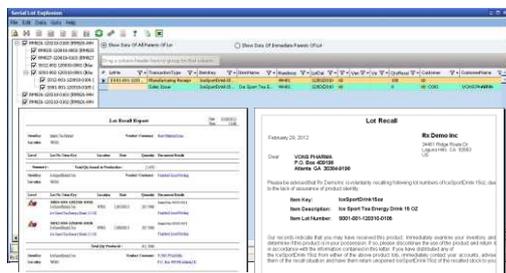
Some customers on the private label side need to give them traceability as co-packer. One of their customers needed a mock recall of their own. Again, Tulocay with BatchMaster's Lot Recall ability was able to get them this information in less than two hours. It was great for their business as they not only could meet the needs of a customer without disrupting their operations in the process, but it also gave that customer a very high level of confidence in doing business with them. Results: better productivity, increased efficiency, satisfied customers and undoubtedly more business. Howard Mergelkamp said, *“We are getting more business from this customer specifically because of the information BatchMaster Manufacturing for SAP Business One is able to provide”.*

Moreover, the sauces and marinades market is extremely competitive and getting even more competitive, everyone is skittish about food safety: no-one wants to make the news for the wrong reasons. There is a continuing level of requirements and controls up and down the chain. BatchMaster Manufacturing for SAP Business One offered them an efficient Quality Control module that takes care of the quality of their products at all

TestID	Description	Result Type	Result Alpha	Result Numeric	Tested By	Test Date
1	Appearance	Pass/Fail Val...		0.000		11/18/10
2	Color	Alphanumeric...		0.000		11/18/10
3	Microbial	Numeric Val...		0.000		11/18/10
4	pH	Numeric Val...		0.000		11/18/10
5	PURITY	Numeric Val...		0.000		11/18/10
6	Moisture	Numeric Val...		0.000		11/18/10
						01/12/11

important junctures like receipt; before, during and after production; at shipment and even on stagnant inventory. It gives them the ability to create multiple test cases, item tests, target result and result types as numeric, alphanumeric and pass/fail. Also available is the flexibility of destructive testing, scrapping, automatic return of poor-quality raw materials etc. that reduces their operational steps.

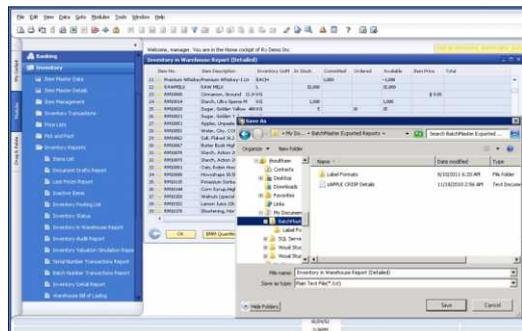
Traceability was another major issue for Tulocay met by BatchMaster with complete agility. BatchMaster's Bi-Directional Traceability, tracked items and lots from roots to fruits and back. BatchMaster could easily and instantly explode to display in a tree-view which lots were received from the vendor, in which batch the manufacturing lots were used, and finally to which customers they were shipped. Alternatively, the where-used option provided details of all the batches where the lot has been used.



Undeniably for Tulocay, this technology has proved to be of competitive advantage as it has placed them ahead of their competitors. As exclaimed by Howard Mergelkamp, "BatchMaster Manufacturing for SAP Business One has upped our game on a couple of key competitors, undeniably!"

Numerous out-of-the-box in-built reports

Since Tulocay is small and growing, they don't have time to teach themselves or build out customizations. Moreover, their industry is 'just-in-time' requiring them to be quite proactive, to jump and respond to every call. The amount of time they have is limited so they look for the support of the core functionality - something which is already tailored with written reports. "We wanted something like BatchMaster that is core, has pre-packaged functionality with written reports"



BatchMaster Manufacturing was a perfect fit in this regard too. Tailored with a large number of reports that serve all levels of management, BatchMaster Manufacturing readily gives Tulocay all the information required by them at different points in the process. The Critical Material Report gives them a list of the materials that are insufficient for production, the Material Where-Used Report that details all the batches where the specified materials are used, and many more that act as the backbone for Tulocay; making them responsive and efficient without delay and of course, without any kind of effort. Said Howard Mergelkamp "BatchMaster's Reports have lots of information, including the higher-level reporting I didn't have previously"

Getting accurate and responsive with BatchMaster Manufacturing's Costing Module

Money - the driving force for survival of any business. Analyzing profit/loss is the direct goal for Tulocay. With BatchMaster's Costing module, a total fit to their organizational flow, complete and accurate financial statistics are now at their finger tips. The result of deep analysis of real cost structures, BatchMaster's Costing module is a "What-if" based operational module providing precise calculations and analysis that includes all factors affecting product cost, namely ingredients, labor, overhead, constant loss, setup cost, margin/markups, and much more.

Product Name	Product Description	Material Cost	Labor Cost	Overhead Cost	Total Cost
Apple Crop 3.0	Apple Crop 3.0	3,455	23,254.00	0	26,709.00
1. Formula Material Cost		3,455	23,254.00	0.0000	26,709.00
2. Formula Labor Cost		0.0000	23,254.00	0.0000	23,254.00
3. Formula Material Overhead Cost		0.0000	0.0000	0.0000	0.0000
4. Formula Labor Overhead Cost		0.0000	0.0000	0.0000	0.0000
5. Line Item Loss Cost		0.0000	0.0000	0.0000	0.0000
6. Loss Factor Cost		0.0000	0.0000	0.0000	0.0000
7. Loss Constant Cost		0.0000	0.0000	0.0000	0.0000
8. Assembly BOMB-Off Cost		1,320	19,300	0.0000	20,620.00
9. BOM - Item Cost		0.0000	0.0000	0.0000	0.0000
10. BOM - Labor Cost		0.0000	0.0000	0.0000	0.0000
11. BOM - Material Overhead Cost		0.0000	0.0000	0.0000	0.0000
12. BOM - Labor Overhead Cost		0.0000	0.0000	0.0000	0.0000
13. Fixed Labor Cost		0.0000	0.0000	0.0000	0.0000
14. Variable Labor Cost		0.0000	0.0000	0.0000	0.0000
15. Variable Overhead Cost		0.0000	0.0000	0.0000	0.0000
16. Setup Labor Cost		0.0000	0.0000	0.0000	0.0000
17. Setup Overhead Cost		0.0000	0.0000	0.0000	0.0000
18. BOM - Item Cost		0.0000	0.0000	0.0000	0.0000
19. BOM - Labor Cost		0.0000	0.0000	0.0000	0.0000
20. BOM - Material Overhead Cost		0.0000	0.0000	0.0000	0.0000
21. BOM - Labor Overhead Cost		0.0000	0.0000	0.0000	0.0000
22. Total Cost		3,455	23,254.00	0.0000	26,709.00
Formula Cost Per Unit		21.5619	21,510.00	0.0000	21,531.59
Markup Factor		0.4620	0.4620	0.0000	0.4620
Margin Price		125.990	345.210	0.0000	471.200

Tulocay realized a clear benefit in their ability to handle costing with BatchMaster. It automated their costing procedure which previously had been a manual operation.

Howard shared happily that "Before, to do the costing of a product, I had to go to each item in SAP, pull up the purchase price of the ingredient and write it down, and keep doing that for about 4-5 minutes to get the costs of all ingredients, and I still have to multiply them out by hand to work out the price of one product. With BatchMaster's Costing module, I just push one number and get the costing in a single click. This saves me ten minutes each time, which I can now use to respond to the customer. This makes me more responsive to

customers and at the same time more accurate than doing it by hand". He continued, "Being faster makes me happy".

Simplified Supply Chain with BatchMaster Manufacturing

Tulocay's customers are really big organizations. They cater to big supermarkets and retailers like Target, Safeway etc. Compared to these industry-giants, Tulocay is really very small. As Howard Mergelkemp, CEO, said "We mean nothing to them. We have to react and jump". This demands that Tulocay be ready all the time to best serve its customers.

This means Tulocay has to operate as a 'just-in-time' business. Their vendors don't carry the burden of handling inventory. Thus, Tulocay needs to manage everything from front end purchasing, managing their warehouse stocks, to production scheduling.

Accordingly Tulocay was looking for a system that could go hand-in-hand with their organization's procedural flow. Howard Mergelkemp specifies, "To get more, you need to act more and fast. You need to be backed by a good system". He found BatchMaster - the system with the right balance of functionality. BatchMaster very easily handles things that were too complex; incorporates every tool they needed to manage that reality and bring visibility in order to be successful.

In order to sustain their business, Tulocay really needs to react fast to customer orders. They also need to plan precisely to make the right products at the right time. Using BatchMaster, they not only could handle orders more efficiently but in a more streamlined and systematic way. BatchMaster's logically designed MPS/MRP module allows Tulocay to plan out exactly the required quantities they need to purchase from vendors. Using the MPS/MRP module, Tulocay was able to best utilize its resources for production to meet the customers' demand well on time. The planning is done considering the lead time taken for an item to reach Tulocay, followed with the time taken for an item to undergo quality check aspects that, when missing, often lead to improper planning. The moment they get delays in production, they lose the sale. As per Howard Mergelkemp, "BatchMaster's MPS/MRP module steps-up our ability to be reactive and makes us proactive".

Item	28-Feb-12	07-Mar-12	14-Mar-12	21-Mar-12	28-Mar-12	04-Apr-12	11-Apr-12	18-Apr-12	25-Apr-12	02-May-12	09-May-12	16-May-12	23-May-12
Customer Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Warehouse Transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory On Hand	346.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Customer Demand	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00	28024.00
Plant Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant Inventory Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Customer Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MPS Release	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MRP	28027.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Production Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Warehouse Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ATP	273.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Customer ATP	273.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

BatchMaster Manufacturing very well understood their batch processing. Tulocay was delighted to find BatchMaster Manufacturing supporting their operation of 'batches with runs' as well. Using BatchMaster Manufacturing, Tulocay was able to expedite production with intensive data records without compromising the accuracy. Further, BatchMaster automatically generates purchase orders considering demand, supply and forecast, to increase the efficiency and prevent any hindrance in the workflow. As a result, BatchMaster enables Tulocay to save time that was earlier consumed in pulling up demand/supply information for raising purchase orders. As Howard said, "Being able to pull up MRP and turn it into orders saved a lot of our time, about 75%".

MRP Order No.	Item No.	Item Description	Qty	UOM	Vendor	Vendor Description	Plan Run Date	Conf. Start Date	Conf. End Date	Plan Start Date	Plan End Date	Order Qty
1118	3008	Sham Chutney	1441	KG	BHATTARAK	BHATTARAK	06/07/2011	06/02/2011	06/02/2011	06/02/2011	06/02/2011	13472
1121	3002	Flour	46	KG	VIRDI	Viridi USA	06/07/2011	06/02/2011	06/02/2011	06/02/2011	06/02/2011	46.000
1125	300200	Ground Peas	1	KG	VIRDI	Viridi USA	06/07/2011	06/02/2011	06/02/2011	06/02/2011	06/02/2011	1.500
1126	300200	Tray	2000	EA	VIRDI	Viridi USA	06/07/2011	06/02/2011	06/02/2011	06/02/2011	06/02/2011	2000
1128	300200	Butter	1400	KG	VIRDI	Viridi USA	06/07/2011	06/02/2011	06/02/2011	06/02/2011	06/02/2011	1400
1136	300200	Cap	12000	EA	VIRDI	Viridi USA	06/07/2011	06/02/2011	06/02/2011	06/02/2011	06/02/2011	12000

Cherry on the Cake: BatchMaster Manufacturing's Implementation Package

In terms of team, resources, service, getting people trained, analyzing and meeting needs, in-short the Implementation package also, BatchMaster was great! If BatchMaster believed that a faulty implementation can just break the firm, Tulocay advocated that partnership and team-effort fabricates a better result. Howard Mergelkemp was realistic on working on the project as a team and confesses "I am a Proponent of flipping the switch, moving too fast spreads the fire and it becomes a crutch. It is always better to flip the switch and get through to address issues against putting the fixing team doing the work twice."

Mr. Mergelkemp suggests that many people have an unrealistic expectation of ERP implementers. He says "Everyone wants to stick to a budget, but first you have to get under the covers and find what it is we're doing." Implementation of a new ERP system opens new doors and opportunities.

BatchMaster not only provided Tulocay with the best product, but also demonstrated strong industry expertise offering the best implementation services. As an aside, Mr Mergelkemp noted: "It was obvious that it would have been much better to implement BatchMaster Manufacturing with SAP instead of after SAP because we had to unwrap a number of workarounds, which became another whole level of challenge - your guys had to figure what we were doing. My recommendation to any similar food manufacturer would be to implement the whole thing as a single system from the start. And they will save money in the long run doing it that way." As with all ERP implementations, there were a number of issues, but BatchMaster was amazingly responsive to address and fix them speedily. Howard Mergelkemp was shocked at how responsive the project team was.

“History and knowledge is the core behind BatchMaster’s ability to get up to speed on our requirements”

Howard Mergelkamp, CEO

For Tulocay, getting through the transition period was very important and Tulocay was impressed with the BatchMaster team’s ability to deliver and do so with such quick responses. While implementing, BatchMaster’s consultant dove down into Tulocay’s business methodology, and in a very systematic way addressed their each and every specific need. As Howard Mergelkamp said *“It’s a partnership, a real company - wide endeavor. Ultimately it has to be a good product but more importantly it’s the good execution and team effort with everyone working together to meet needs and goals that’s appreciable”*.

BatchMaster: The Badge of Honor

Tulocay finds BatchMaster to have the right balance of functionality without overkill. Howard Mergelkamp predicted that he would use only 30% of the application but it turned out to be a better value balance because what they needed was core, seamlessly provided by BatchMaster. Much to Tulocay’s joy, BatchMaster Manufacturing for SAP Business One already met 80% of their business requirements out of the box. This allowed the implementation to quickly get to tailoring to address the 20% of requirements that were very specific or unique to Tulocay as a business; where as other systems that they looked at were going to start at 40%.

Tulocay is now exploring more opportunities on the recipe and nutritional side. They have started using BatchMaster Manufacturing’s Laboratory module that will help them in innovation, bringing the speed, power and accuracy of computerization to new recipe development and nutritional analysis. The Laboratory module automatically calculates raw material quantities based on the target nutritional values to be achieved.

A few words by Howard Mergelkamp about BatchMaster *“History and knowledge is the core behind the BatchMaster’s ability to get up to speed on our requirements”*

He believes, as important as the product is, only a company with BatchMaster’s longevity and history was able to meet Tulocay’s needs long-term. If an organization can’t deliver or won’t be around to support their needs, then it doesn’t matter how good the product is. They did their due diligence on BatchMaster before making a selection and hold out BatchMaster Manufacturing for SAP B1 as a badge of honor. *“It works and allows us to be more responsive. We paid for it and it works!”*



About BatchMaster Software

BatchMaster Software is a leading provider of ERP solutions that help formula-based process manufacturers streamline their operations and scale production, while reducing costs and complying with changing customer demands and ever more stringent regulatory mandates. The company delivers industry specific solutions for Food, Beverage, Nutraceuticals, Pharmaceuticals, Cosmetics, Chemicals, and other process industries. BatchMaster ERP is seamlessly embedded with SAP Business One and Microsoft Dynamics GP and integrates to QuickBooks, Sage 100 & 300 ERP, and is available on premise and in the cloud. BatchMaster Software has been serving the process manufacturing market for over 30 years and supports thousands of customers worldwide. www.batchmaster.com

Contact Us

BatchMaster Software | 23191 La Cadena Drive, Suite 101, Laguna Hills, CA 92653 | 949-583-1646 | sales@batchmaster.com