



Schaeffer Manufacturing Company

www.schaefferoil.com



At A Glance:

- **Company:** Founded in 1839, Schaeffer is a leading producer of synthetic motor oils and other lubricants
- **Location:** St. Louis, MO
- **Industry:** Manufacturing
- **Challenges:**
 - Company growth was outpacing fragmented IT systems
 - Cumbersome manual processes slowed customer shipments
 - Separate databases hindered growth
 - Larger customers were requesting automated order and payment methods
- **Other software considered:**
 - SAP Business One
 - MS Dynamics (Great Plains)
- **Results with NetSuite:**
 - Web-based software strengthens Schaeffer's competitive advantage
 - Cost-effective systems integration reduces manual data entry
 - Automated workflow replaces multiple order processing steps
 - Customer shipping times improve by 1 full day
 - Use of EDI order entry grows from 30 percent to 70 percent of orders
 - EFT payments grow from two percent to 15 percent of orders
 - Yearly cost savings of \$100,000 for programming and \$14,000 for paper costs
- **NetSuite Partner:**
 - IT-Ration Consulting (www.it-ration.com)
 - Oz Development's OzLINK (www.ozlinkshipping.com)

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— Will Gregerson, CFO, Schaeffer Manufacturing Company

Results

On the way to reaching its \$100-million sales plateau, Schaeffer Manufacturing Company CFO Will Gregerson knew the company had to substantially upgrade its 25-year-old IT system. The company's main product line, synthetic motor oils that can outlast conventional lubricants, was bringing greater cost efficiencies to farmers, trucking companies and other customers. But Schaeffer's competitive advantage — and its strong growth trajectory — would be threatened if the company couldn't improve its own efficiencies, particularly in its order-to-shipment processes.

Schaeffer wanted to integrate its order processing and assembly build processes, but also wanted to keep costs low. “We were becoming a big company,” Gregerson says. “But we couldn't afford a big, integrated ERP system. For a company our size, that was the typical choice — either an expensive integrated system, or a collection of applications that we would have to integrate ourselves.”

The company chose NetSuite over SAP BusinessOne and Microsoft Dynamics (Great Plains) to replace its AS/400-based proprietary system because NetSuite offered integrated functionality — multi-level Bills of Material (BOMs), for example — at the low cost of a software-as-a-service (SaaS) architecture.

Now the entire order-to-shipment process is integrated and automated. Incoming orders trigger workflows that automatically secure credit and other necessary approvals, then print out shipping labels that show exactly which lubricants should be pumped into the 55-gallon drums for transportation.

“NetSuite's extensive partnership program, including IT-Ration Consulting and Oz Development, gave us the comfort to know that all our needs would be met,” says Gregerson. “IT-Ration Consulting has been invaluable in helping to make the system our own.”

“It used to take an average of two and a half days to fill an order,” says Gregerson. “Now it takes about a day. And because we're not re-keying data and doing manual approvals, our order accuracy has improved.” As part of improving our efficiency in fulfilling orders,

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Schaeffer Manufacturing Company

IT-Ration Consulting brought fulfillment partner Oz Development into the project. OzLINK allows Schaeffer to easily ship and fulfill with a variety of carriers including LTL shipments.

“We’re saving the cost of programming that we would have needed to keep our old system going—that’s about \$100,000 per year—and we’re saving another \$14,000 a year by using plain paper rather than the pre-printed forms we used before,” says Gregerson.

Challenges

In 16 years Schaeffer had nearly doubled in size, growing from \$60 million to \$100 million in sales, but had increased staff by only 20 percent. But now Schaeffer was facing challenges that couldn’t be solved by continued incremental growth of its AS/400-based IT system.

“We were a big company, and we found that in some motor-oil markets we could compete with the major oil companies,” Gregerson says. “But we had a disadvantage—our products are all shipped from our warehouse, but they can afford to stock their products at regional warehouses that are closer to their customers. To get new business would mean speeding up our order-to-ship times by a fair amount.”

At the same time, Schaeffer couldn’t afford to make mistakes in orders. The order-to-ship process contained several manual steps, and Schaeffer’s high order rate of more than 7,000 orders a month would compound the risks of error. “All approvals were done manually,” Gregerson says. “And the shipping clerks had to match up each set of shipping documents with the correct shipment.”

Solution

By enabling OzLINK with NetSuite, now the approvals, and all documentation, including bills of lading and hazardous-chemicals stickers, are printed out as part of the order. “We’re able to get products to our customers in half the time, or better, and we haven’t had to add to our staff,” he says.

Schaeffer’s sales people are gaining new opportunities to offer products to auto parts stores and other new customers. And the NetSuite system, which is operated by just 45 people, is helping the company bring more consistency to its various discount and commission schedules.

“This is something that we need to do as a big company,” Gregerson says. “A small company might pay less attention to what customers are getting which discounts, but as our customers get bigger, they—and our own financial people—are demanding more consistency in our policies.”

Larger customers are also glad to be able to use electronic data transfer for order input—through EDI—and for payment, through electronic funds transfer, Gregerson says. “The NetSuite system makes it easier for us to offer EDI and EFT because it automates the processes, so not only is our billing time reduced, but our competitive advantage is strengthened.”



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