

Kellogg Garden Products strengthens roots with help from NexTec

Kellogg Garden Products

Industry

Wholesale distribution

Location

Lockeford, California

System

Sage 500

Challenge

An outdated accounting application crashed frequently and provided unreliable data. There was no integration between inventory and general ledger.

Solution

Sage 500 is driving efficiencies and cost savings throughout the organization.

Results

- Inventory replenishment workload reduced by more than 80%.
- Reporting workload cut in half.
- Implementation completed in just four months, on time and on budget.

Back in the 1920s, California orange farmers believed that soils became degraded by agriculture, and they abandoned orchards when yields fell. H. Clay Kellogg discovered that adding riverbed sediments brought spent orchards back to life. He created a booming business by marketing the sediment as Nitrohumus. His son expanded the company in the 1950s to offer a complete line of organic soil amendments and fertilizers, and pioneered the use of beauty bark.

Kellogg Garden Products, still family-owned, recently celebrated its 75th year in business. The company’s customers include homeowners, retail garden shops, and major national retailers in six Western States and Hawaii.

“We’ve reduced our workload in accounting, sales and marketing and inventory reporting by half.”

Janet O’Neal, Assistant Controller, Kellogg Garden Products

New system bears fruit

Like a root-bound plant, Kellogg found itself constricted by an outdated accounting package. The system crashed frequently, and data was not reliable. “Inventory was a mess, and it didn’t integrate with the general ledger properly,” says Janet O’Neal, assistant treasurer. “We used paper because we didn’t trust the system.”

Sage 500 now handles Kellogg’s business processes at all levels. The system receives products, tracks inventory, vouchers against receipts, and records goods when sold. Sage 500 is also used at Kellogg Supply, Inc., a distribution subsidiary that sells non-perishable foods to the Hispanic market in the Phoenix area. “With \$4 million in inventory, 300 different products, and four warehouses, we appreciate how robust and accurate Sage 500 is,”

O’Neal says. “Our raw material and labor costs vary depending on location. Sage 500 lets us monitor each item independently—something not many systems can do. Inventory replenishment at our distribution site is so much more efficient that we’ve reduced our workload by 80 percent.”

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Success Story: Kellogg Garden Products



Kellogg makes good use of the Sage 500 Advanced Manufacturing module, managing three different manufacturing sites within one system.

“We use the work centers and labor features built into the module to capture the overhead associated with each product,” O’Neal remarks. “Whereas before we had to guess about profitability, now we have detailed information. We like the audit trails incorporated into Advanced Manufacturing, too, and the way the module integrates with the General Ledger application. It allows us to find exceptions easily without spending weeks backtracking through records.”

The Alerts module is helping to keep communication lines open at Kellogg. “Our sales force is spread out in the field, and it’s hard to keep them up to date,” says O’Neal. “With Alerts, we can notify sales representatives with a text message on their cell phone whenever a customer has an urgent need or problem like a credit hold. We also use

the module to flag the management team on especially large checks or purchase orders. This allows us to resolve all kinds of issues in a more timely manner.”

A fertile future

Soon Kellogg will have the eExecutive and eSalesforce modules up and running. eExecutive will give the management group a real-time snapshot of financial status whenever and however they want, without waiting for monthly reports. The sales force will have complete account information on their laptops including history, current orders, and outstanding invoices.

An important intangible has been improved: internal processes. “Sage 500 lets us do practically anything we want, but functions must be done in the right way—not loosey goosey,” O’Neal comments. “I believe the improved discipline has made us a better-run company.”

She also notes the role played by NexTec, who was instrumental in implementing the new system. Despite the project’s size and complexity, managing four physical warehouses and two separate companies in Sage 500, the conversion was completed in just four months—on time and within budget.

Above all, O’Neal says she values the improved efficiencies. “The time we’re saving with Sage 500 is enormous,” she notes. “The ten days we used to spend every month preparing reports is cut down to two. We’ve reduced our workload in accounting, sales and marketing, and inventory reporting by half.”

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**Janet O’Neal, Assistant Controller
Kellogg Garden Products**

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