Vita Health Products
Made2Manage® ERP

A Healthy Dose of Made2Manage Revitalizes Vita Health

ROI at a Glance:

- A year-over-year EBITDA increase of 93 percent.
- A year-over-year production increase of 25 percent.
- A year-over-year increase in job order size by 60 percent.
- A consistent fill rate of 96 percent or better.
- A year-over-year sales increase of 16 percent.
- An increase in finished goods inventory turns from 5.95 to 7.57.
- A year-over-year return on human assets of 300 percent.

Whenever health-conscious Canadians go shopping for vitamins and natural health supplements—or need an effective over-the-counter (OTC) remedy for common ailments such as colds, allergies, or heartburn—chances are that relief will come in the bottles of natural health products manufactured and distributed by Vita Health Products (Winnipeg, Manitoba). Founded in 1936, Vita Health is one of the largest manufacturers of natural health products and OTC medications in Canada. The company's more than 500 products are available under private label or generic brands at most of Canada's major retailers such as Wal-Mart, Costco, Loblaws, and Shoppers Drug Mart. The 1997 acquisition of Vita Health by leading U.S. vitamin and supplement supplier Leiner Health Products (Carson, CA) has served to strengthen the company's position as Canada's leader in providing the most complete line of high quality OTC and natural health products.

In fact, product quality is paramount to the continued success of Vita Health. As a leading pharmaceuticals manufacturer, the company must maintain tight inventory control over time-sensitive raw materials and finished goods. Products must be distributed well before their expiration dates or the company risks losing customers, incurring wasted inventory costs, and eroding its position in the marketplace. To help Vita Health gain greater operational control and manage continued growth in both its product line and customer base, the company turned to the Made2Manage ERP system.

Consona™

The Remedy for an Ailing System

After purchasing Stanley Pharmaceuticals in December 1999 (effectively doubling sales volumes and SKU counts), Vita Health soon realized that its aging AS/400 system could not meet the company's growing business demands. Vita Health was struggling to maintain inventory control, keep product on the customer's shelf, and manage cost inputs. "We purchased a company and merged their volume into our facility, suffering serious customer service problems and losing a substantial amount of business in the process. Our previous system simply did not have the tools to manage the number of products or volumes that we were trying to produce," said Carlson Teakle, Vita Health's vice president of information technology.

Without forecasting capabilities, Vita Health also was forced to carry more product inventory, thus increasing carrying costs and the potential for waste. As Teakle explained, "Our old system did not provide a real MRP environment so forecast demands and work orders were determined and managed primarily through an extensive manual analysis via spreadsheet. Once a month we would take a snapshot of our forecast and inventory position and then we'd spend the next three weeks trying to create the appropriate work orders to meet future demand."

Keeping track of product expiration dates also was an arduous task for Vita Health. "In order to identify product that was nearing expiry, we would manually count inventory on our shelves and check bottles for the expiry date," added Teakle. To trace lot information, the staff spent a significant amount of time gathering and reviewing paperwork. Increasingly, it became more time-consuming and costly for Vita Health to meet the company's high standards for product quality, customer service, and inventory control. To thrive, it was time for the company to make a change from "business as usual."

Fast Relief for Growing Pains

To address the "growing pains" of its expanding operations, Vita Health turned to Made2Manage. According to Teakle, "Vita Health was looking for a system that we could get up and running fairly fast, with full functionality, and local support." Made2Manage's compatibility with Microsoft and SQL-based servers also was appealing to Teakle. "Made2Manage stood out from other solutions because of its industry-standard technology and broad compatibility that would make it easier for our users to learn and operate," he said.

By implementing the Made2Manage® Enterprise Business System, Vita Health sought to gain more control over its inventory processes. Teakle continued, "Specifically, we saw that Made2Manage had the strong functionality to solve our lot control problems. We're now able to easily identify and locate our oldest input materials and use them first in the production process—reducing inventory obsolescence and carrying costs. In fact, overall inventory investment has remained flat while year-over-year sales have increased by 16 percent. This has resulted in finished goods inventory turns that have increased from 5.95 to 7.57."

Armed with greater inventory visibility, Vita Health has applied this knowledge to more efficiently track job costs and increase profit margins. According to Cory Baseraba, Vita Health's Vice President of Operations, "Made2Manage provides us with the visibility to see all the cost inputs, all the way down to the component level. Now we can focus on our costs and see where business opportunities lie by identifying and directing resources to the company's core competencies and sub-contracting out operations that add less value to the bottom line." What's more, Vita Health can make use of the lot control capabilities within the Made2Manage system to demonstrate full control over jobs sent to outside vendors.

A Prescription for Success

By supplementing its business with the Made2Manage Enterprise Business System, Vita Health has significantly grown its operation in a short period of time. According to Teakle, "Made2Manage has provided a very stable business platform and the tools we need to get our business under control and aggressively expand again. We have regained the credibility we lost with our customers and have seen substantial sales growth but, more importantly, we have seen substantial bottom line contribution growth." Having a capable and dependable system has empowered Vita Health to pursue new business while maintaining high levels of customer loyalty. Teakle continued, "Historically, sales growth and new SKU growth would have required overhead staffing increases, but now we can continue to grow our business without substantially increasing the existing overhead infrastructure."

Looking ahead, Vita Health is anticipating greater inventory accuracy by implementing M2M® Demand Forecasting. The Demand Forecasting application will weigh Vita Health's historical sales data within the Made2Manage Enterprise Resource Planning back office and employ a powerful statistical forecasting engine to generate quick and accurate forecasts for finished goods and components. Working with key customers, Vita Health plans to project demand at the point of sale to build more precise and timely production plans.

"Our improvement track record is a great indication of the benefits a company can achieve by successfully implementing the Made2Manage system," Teakle concluded. For Vita Health, the results have been easy to digest.

About Consona ERP

Consona Corporation is a worldwide leader in providing customer relationship management (CRM) and enterprise resource planning (ERP) software and services for companies of all sizes. Consona serves more than 4,500 customers worldwide and across a variety of industries.