



Customer Profile

CONO Kaasmakers supports new strategy with Infor Food & Beverage



At a glance

Product: Infor M3

Industry: Food & Beverage

Country: The Netherlands

“The philosophy for cheese production in North Holland is different from any other country in the world”

**—Eric Hulst, Managing Director,
CONO Kaasmakers**

About the company

CONO Kaasmakers is an independent cooperative of about 500 dairy farmers. The current organizational structure is the result of the merger of two cooperatives in 1999: De Combinatie in Beemster, North Holland and De Vechtstreek in Ommen, Overijssel. In addition to the dairy in Beemster, CONO Kaasmakers also has a whey powder production facility. CONO Kaasmakers produces 30 million kilos of cheese per year, which is sold in Holland, Belgium, Germany, Spain, USA and Japan under different brand names with unique flavours such as BeemsterKaas, BeemsterKaas Exclusief, SmaaQ, Stompeloren, Oudendijk, Oudendijk Light and Noord® Wester Edammer. Cheese from CONO Kaasmakers is available in specialist cheese shops as well as in supermarkets. More information is available at www.CONO.nl and www.beemsterkaas.nl.

Benefits for the business

The cheese manufacturer CONO Kaasmakers is well-known in Holland and Belgium for its BeemsterKaas brand. In support of its new business strategy, CONO Kaasmakers decided to implement Infor® Food & Beverage business software on the IBM iSeries platform. All business processes from handling, production, planning and logistics to finance, marketing and distribution are now covered by Infor M3, the ERP foundation for Infor Food & Beverage solution.

A few years ago CONO Kaasmakers adopted a new strategic direction. Until then, the company had only sold its cheese products in large volumes to wholesalers. In 2002 the company entered the retail market as well. BeemsterKaas is now widely available in specialist cheese shops as well as in supermarkets. For CONO Kaasmakers this decision entailed far-reaching changes in its production processes. The company must now offer a much larger number of individual products, since the retail market demands many different types of cheese as well as cheeses with different degrees of maturity and with different packaging and weight units. As a result, Managing Director Eric Hulst had to wait longer and longer for reports from the distribution and finance department. The task of gathering of consistent reporting data for management decisions became more and more difficult.

In the old ERP system any new business processes had to be supported by a custom-made solution—reason enough to look for a standard system which offered enough flexibility to support all new processes. After investigating Infor’s software solutions, CONO Kaasmakers decided on Infor M3. Hulst’s expectations were high: “We want to be able to see at the press of a button how high our turnover is for each product version and for each customer.”

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The company

CONO Kaasmakers produces 30 million kilos of cheese per year using traditional craft methods. While most of its competitors changed over to a continuous process about 20 years ago, CONO Kaasmakers has stayed with a batch production process to allow the basic ingredients more time to interact. “The philosophy for cheese production in North Holland is different from any other country in the world,” explains Managing Director Eric Hulst. “While most of our competitors try to produce as much cheese as possible from each litre of milk, our aim is to produce first-class cheese. As a rule this leads to a lower return which makes our cheese more expensive. But once you have tried it you will immediately be convinced of our philosophy.”

Another representative feature of the company is the lack of a cost price. Hulst explains. “We are a cooperative and our farmers are paid after the product has been sold. The price they receive for the milk is based simply on the selling price of the cheese less costs. When we establish wholesale prices for our cheese products, we always struggle with the question: How do we determine the cost of the milk?”

New strategy

The decision to extend sales to supermarkets was made at the end of the 1990s. Until then, the company only supplied cheese wholesalers and all cheese products were sold after maturing for 15 days. The cheese wholesalers took care of further maturing and sold the final product in specialist cheese shops. The decision to sell directly to supermarkets as well came at a point when cheese specialists experienced an enormous reduction in market share. “Sixty percent of our revenue came from specialist cheese shops,” Hulst observes. “So we record substantial losses of revenue when these businesses lose customers. In Holland 84% of all cheese products are sold in supermarkets. So that is obviously where our potential for growth lies.”

Since 2002 CONO Kaasmakers has sold cheese products directly to supermarkets under the brand name BeemsterKaas. Currently the cheese producer takes care of both setting up the business as well as marketing and promotion. Since now CONO has to deal with professional customers and tough negotiating techniques, it is far more important for the sales team to know the exact cost structure of their products.

In addition the number of product versions has risen significantly, since the company now supplies cheeses of different ages in different packaging. Another important area is logistics. The maturing process for young cheeses should take about four weeks; in contrast Beemster very old cheese matures for a minimum of 26 months. This means that the company needs more storage space than for an average cheese.

CONO Kaasmakers has now outsourced part of the maturing and packaging process as well as transportation to the supermarkets, which has significantly complicated its logistic process. In addition, not every cheese listed in the CONO balance sheet is in fact stored in the CONO warehouse. Therefore it is only possible to offer a virtual view of where this stock is actually stored.

Why Infor?

CONO Kaasmakers chose Infor M3 for Food & Beverage because the solution offers all the functions the company wanted and is perfectly suitable for the size and type of company as CONO. Infor was also one of the favorites because of its extensive references within the dairy product industry. The final decision came after a visit to our competitors DOC Kaas Hoogeveen and De Zuivelhoeve. “Both companies were delighted by the support offered by Infor and their implementation partner Alfa-Beta Solutions during the implementation phase and beyond,” Hulst explains. “This recommendation was decisive for us.”

With the implementation of Infor M3 CONO seeks several goals. First, the company wants to gain a greater insight into costs and revenues for individual departments such as maturing and packaging. The company software is integrated with IBM Cognos, which delivers sophisticated analyses of revenues, margins and cost price structures for different combinations of products and brands. In addition, CONO Kaasmakers expects to gain a better overview of stocks, both in their own warehouse and in the outsourced maturing and packaging departments. This should lead the company to faster and more confident decision making.

Implementation

The implementation was done by Alfa-Beta Solutions, Infor’s main partner in Holland, as well as a specialist in the food and beverage industry. Alfa-Beta offers deep understanding of how Infor M3’s capabilities can support CONO’s business processes effectively.

The solution

In order to allow production, supply and distribution of cheese products to be computer controlled many different types of data must be recorded. Cheese shrinks, for example during the drying process and initially loses 0.2% of its weight. In the management of the maturing process it must be taken into account that after a week a kilo of cheese weighs only 986 grams, however, due to this process the cheese matures and therefore its value is higher.

Another important point in the management process is that cheese residues—whey—can also be sold as a product. A final complexity results from the fact that not every cheese has the same weight and so individual cheeses must have a different price. Infor M3 fully supports this level of complexity. Functions such as variable units and weights, co-products and derivatives, registration of shrinkage loss through drying, maturing, variable units, cost price model, EDI as well as flexible price and discount structures are all integrated into the Infor M3 solution.

The functionality of the system provides appropriate support for everyday processes, without the need to develop made-to-measure applications. The system needs to be configured but not programmed.

Infor M3 is integrated with IBM Cognos. The company data can be evaluated from every required perspective, so that different users can follow separate approaches. Questions such as “What bonus discounts have we taken into account for a specific channel?”; “What level of growth has BeemsterKaas reached in the shop segment?” or “How high is the price of milk this year compared to the same quarter in the previous year?” can now be easily answered. With these possibilities Managing Director Eric Hulst’s objective now becomes tangible: With the implementation of the software it can now be determined at the push of a button whether the company is moving in the right direction.



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