



Lawson Enterprise Asset Management Helps Skånemejerier Reduce Inventory by 40 Percent, While Improving Production Reliability

As one of the largest dairies in the Scandinavian market, Skånemejerier had everything: superior quality products, a strong domestic market, and a solid distribution network in Sweden and internationally. What it also had was an outdated, in-house maintenance solution that was beginning to cause some problems. The lack of integration and failure to adapt to new business models made it inefficient, inaccurate, and put the company at risk. Since Skånemejerier was already using other solutions from Lawson, it moved forward, implemented the Lawson Enterprise Asset Management Suite, and immediately started realizing the benefits.

“We have much better economic control, we have better control of our spare parts inventory, and we were able to reduce stock in our spare parts inventory.”

Sophia Palebo, Supply Chain Director, Skånemejerier



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Claes Hansson, Manager of Maintenance and Purchasing/Inventory, Skånemejerier

Business Benefits

The dairy business is much more complicated than what meets the eye. No one knows this better than Skånemejerier who has three production plants that process over 40,000 orders daily for products ranging from milk and cheese to highly specialized health foods. With such a variety of short shelf-life products, equipment failures, production stoppages, and recalls, could be extremely costly. Skånemejerier wanted to improve the analyses of assembly line breakdowns and allow production and maintenance personnel access to relevant data that would help them make better decisions, to improve the overall quality of the plant. The company was also looking to computerize preventive maintenance routines, as well as improve the spare parts purchasing and handling process. The Lawson solution was able to deliver all that. After the implementation, Skånemejerier was able to reduce resources in the maintenance department. The company has been able to improve productivity, gain control over costs related to maintenance, and benefit in some ways they hadn't even expected.

The biggest overall benefit Skånemejerier has experienced, since implementing the Lawson solution, is the drastic reduction in spare parts inventory. “Previously we were carrying stock level to the value of USD 2.29 million. Using the [Enterprise Asset Management] system, we have managed to reduce the value of our stock by 40 percent, to USD 1.37 million,” says Claes Hansson, manager of maintenance systems and purchasing/inventory at Skånemejerier.

Skånemejerier has also seen a reduction in maintenance resource waste, improved productivity and increased control over maintenance-related costs. “We now have much better control over costs. We know what our biggest expenditures are and where we have resources. As such, we can avoid unnecessary or redundant costs,” says Hansson.

An unexpected benefit to Skånemejerier is the visibility to see the exact costs of maintaining equipment. This has been extremely helpful in budget planning for maintenance and equipment upgrades. “We can now see exactly what a machine costs in maintenance,” says Lindskog. As a result, Skånemejerier has better control of preventative maintenance planning.

The Lawson solution also helps the company to better track equipment breakdowns. “Since we have a total overview of the maintenance system, we are able to catch and isolate machinery breakdowns much earlier and work preventively before the situation becomes acute,” Hansson adds.

Up-time is of extreme importance to Skånemejerier. Because milk has such a short shelf-life, a production stoppage risks losing stock as well as sales. “The Lawson solution seems very stable. It has to be for us. We have 3,500 customers and handle 40,000 order lines per day. The system can't go down. We run a mirror system, but we don't really need to,” says Lindskog.

The data from the Lawson system is also helping Skånemejerier to analyze trends around equipment reliability and see whether its machines are operating at full potential. Furthermore, all three of Skånemejerier's production plants can now see the amount and type of stock available in other



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locations. Collaboration between the plants has been greatly improved, and the plants are also able to support each other in times of need.

Skånemejerier employs many external companies to supply and repair its equipment. Lawson has helped the company organize and synchronize this information. With this added visibility the company can better track repairs and make sure that the right work is done on the right piece of equipment. “We have quite a lot of external contractors working on our investment projects. Before the Lawson solution, we had an access model where you could go in and file a report in Excel. Now, it is done by working in Enterprise Asset Management,” says Sophia Palebo, the supply chain director at Skånemejerier. “It works well and we have better control.” This important information is now visible to everyone.

Skånemejerier’s maintenance departments were limited by the lack of a uniform computerized system for its operations. Prior to installing the Lawson solution, the company ran its own in-house solution. Not only had the system outgrown its usefulness over time, it also lacked integration with Skånemejerier’s other Lawson solutions, which were used for financial, production and purchasing purposes. As such, staff had to manually input and transfer information such as financial data between the various systems, a very time-consuming, error prone task. This also meant that the maintenance departments were unable to effectively follow up on their work processes in one system.

Besides saving money, Skånemejerier has come to realize many benefits from the Lawson solution. The company was able to solve some of its biggest problems and gain the visibility needed to stay informed and practice better preventative maintenance.

The Company

Skånemejerier is an innovative food company that aims to become the leading health food company in the Nordic region by 2015.

Already one of the largest dairy companies in the Scandinavian market, Skånemejerier is best known for its milk and dairy products, but is also one of the names behind pioneering ventures to develop totally new concepts in food.

With a forward-thinking mindset, Skånemejerier’s main goal in product development is to develop products with extremely distinctive properties; products currently called functional foods. Functional foods are foods or dairy components that provide a health benefit beyond basic nutrition. The company’s ProViva and Primaliv products are well-known functional foods with documented health benefits.

Based in the Medicon Valley, one of Europe’s strongest life science clusters, Skånemejerier has three production plants. It reaches customers all over Scandinavia and abroad with products based on milk, cereals or fruit.

Why Lawson?

Skånemejerier is no stranger to the potential benefits offered by Lawson solutions. The dairy has been a Lawson customer for many years, using various

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Lawson systems to handle its financial, production and purchasing processes. So when it was time to choose maintenance software that could supplement and link all the separate systems together, the Lawson solution was the obvious choice. "We had our own system, which was ailing. Looking around at a variety of systems showed us that Enterprise Asset Management was quite a good solution," says Lindskog. "It was naturally the step to take."

"We got what we asked for and we have been able to save a lot of time; things that were done manually before are now all automated," adds Hansson.

The Implementation

The implementation went very smoothly and Skånemejerier has been very happy with the results. "We had no major problems and the consultants from Lawson were competent and supported us with their knowledge about software and technical issues," says Hansson. "The cooperation between the consultants from Lawson and partner, Conagri Consulting, made things go even more smoothly," he adds.

"I would happily recommend the [Enterprise Asset Management] system to other customers. I have done many demonstrations for our partners who are interested in the system," Hansson concludes.

Future Plans

Skånemejerier is always thinking about ways to further improve efficiency and increase productivity. Over the next few years the company plans to implement other Lawson solutions in other areas of their business.

"In 2008, we'll focus on improving the production applications and build a data warehouse so we can calculate our costs better and build good KPI's. We'll also complete the ROI study for upgrading the applications," says Skogslund. "In 2009, we'd like to upgrade to the latest applications. We'd like to do it with no modifications; just use standard off-the-shelf applications. We think we should adopt the best practices in the software. We'll also implement Lawson Business Intelligence then."

One of Skånemejerier's strengths is that it owns its own distribution system. In the future the company may use this even more to their advantage by transporting other company's products. "We may start offering third-party logistics services to other companies. We could take on their goods and distribute them," says Skogslund. "Lawson could help us do that."

About Skånemejerier

Skånemejerier prides itself on its excellent reputation for natural, tasty, nutritious and convenient foods, as well as on its environmental awareness. Skånemejerier's annual turnover is approximately USD 417 million and the company has 600 employees.

It is owned by 750 milk suppliers in Skåne and parts of Småland in Sweden. Among Skånemejerier's partners are colleges, universities and research companies.