

GLOBAL TALK

THIRD QUARTER 2009

Industry focus: **Food and Beverage**



SYSPRO gives
Lombardi
food for
thought

Don't make a meal out of
Food Production

Satake selects SYSPRO
for the long haul



CEO's message

Finding the right ingredients for success

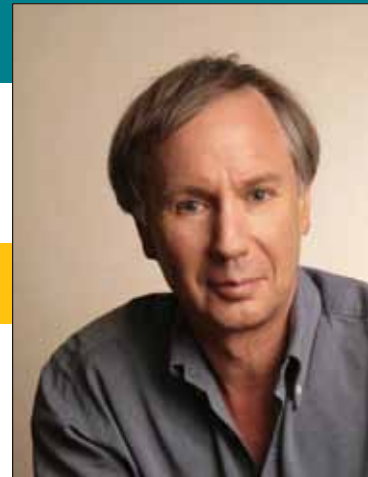
As you've probably noticed by now, our Global Talk newsletter has chosen to focus on certain markets as themes for the individual editions of 2009. So far, we have progressed from Machinery and Equipment to Electronics and Green... and now it's the turn of the Food and Beverages industry.

Although the information in this column relates to the Food and Beverage market sector, I am confident you will find that it is equally relevant to other industries. While looking at the issues which impact food manufacturers, I could not help but notice that they are common to many other vertical markets as well.

For example, new technologies and the Internet are impacting the way food manufacturers operate and bring their products to market. Connectivity enhancements stimulate the way manufacturers design, market, produce, fulfill and support their products. The market is demanding wider product lines with greater flexibility while simultaneously requiring optimized supply chain connectivity and increasing service levels.

Sound familiar? Also, while each production process is unique, food manufacturers share common issues relating to the industry. They all face the challenges of modern-day manufacturing and strive to build a sustainable competitive advantage. At SYSPRO, we have identified three primary drivers for our food and beverage clients: compliance, traceability and recipe management.

In addition to the many other vertical markets whose requirements it addresses, SYSPRO offers considerable benefits to the food industry. These have been continually enhanced over many years through implementations in leading food manufacturing organizations - from producers of specialty items, such as gourmet, organic and natural products, to alcoholic



Phil Duff - CEO, SYSPRO

beverages, wines and juices, to mass produced candies, pizzas, tortillas, frozen foods and other packaged goods.

SYSPRO provides functionality for the manufacturer to determine where to make product, on which resource, and to plan and sequence products correctly to pull variable cost out of the process. All of this functionality facilitates compliance with regulations. Changeovers and clean-outs of production equipment can also be planned and scheduled through SYSPRO, resulting in higher productivity and reduced costs.

As is the case for most of our clients, achieving compliance is a major issue for food manufacturers. They are constantly seeking ways to reduce the costs of compliance with regulatory bodies and product specifications. SYSPRO enables manufacturers to keep finished goods in inventory at an absolute minimum through demand and inventory planning. The manufacturer is therefore better equipped to predict what they are able to sell and when they are going to sell it, then plan manufacturing accordingly to avoid accumulating and storing unnecessary, often perishable inventory.

The second primary driver, lot traceability, is a critical supply chain and internal manufacturing issue surrounding most food manufacturing plants. In this area, SYSPRO is able to offer full backward and forward lot traceability across the extended supply chain, from supplier to ultimate customer. This traceability or product genealogy documents all the changes a product goes through from the time raw material is received through to manufacture and storage of the product and, ultimately, delivery to the customer site.

SYSPRO Lot Traceability monitors the product

life cycle from raw materials to final product. Because SYSPRO is an integrated enterprise solution, the lot traceability is tightly integrated to all supply chain aspects, not to just one manufacturing location. Again, this is a huge advantage regardless of the type of product being manufactured.

With regards to the third primary driver, SYSPRO offers comprehensive recipe management through the Bill of Materials. The system defines the bill of material, routing and capacity in a single item. As a result, these elements are woven together in the context of a recipe or formula. All the resources, materials and operations that go into producing a product based on a recipe are defined together. These include: process, materials, labor, equipment and miscellaneous items such as utilities and water into one common entity and process specification. In SYSPRO, these entities exist as tightly coupled stages rather than separate, vertical silos of information.

Furthermore, SYSPRO allows all measurements of the components or ingredients used in the recipe to be specified as quantities or as percentages used in conjunction with specific gravity, providing the flexibility required to match the current business process.

SYSPRO has the ability to track codes and to manage inventory based on code-dated products for effective replenishment planning. The system can calculate an expiration date for a product based on the batch-creation date and the typical shelf life for the product. A manufacturer may have thousands of units in stock today, but if the expiration of the product is tomorrow, inventory could go from a thousand units to zero overnight, causing stock-outs. SYSPRO provides the ability to plan based on code dates.

SYSPRO is experiencing significant growth in its food manufacturer customer base, as companies take advantage of the scalability and extended feature set of the SYSPRO offering. I would like to take this opportunity to thank all our clients across every industry for your loyal support. We look forward to continuing to play an integral role in your success. ❖

Phil Duff
CEO
SYSPRO





Don't make a meal out of Food Production

SYSPRO provides the tools to gain control and tightly manage traceability, recipes and costs.

The UK food and drink manufacturing sector is the country's single largest manufacturing sector, with an annual turnover of £70 billion. This represents 15% of the UK's total manufacturing turnover. Efficiency within this sector is a must with traceability, on-time delivery, human resources management and recipe management ranking as high agenda items.

Food manufacturers are looking for business information solutions that deliver real-time data which is centralized within a single enterprise-wide system. Many food industry customers are reaping the benefits of SYSPRO in this environment, endorsing the need for effective business systems to underpin their operations.



To give you a clearer idea of the scope, the UK's food and drink manufacturing industry ranks fourth largest in the world and employs 470,000 people. This is 13% of the UK's total manufacturing workforce, with an estimated 1.2 million people employed in related industries such as food retail and hospitality.

Each year, the UK exports £10 billion of food and drink products, more than two-thirds of which goes to the European Union. This makes the UK the fifth-largest food and drink exporter worldwide. Furthermore, the industry is a key partner to British farming as it purchases two-thirds of all the UK's agricultural produce. This activity is carried out by 6,530 food and drink companies.

Traceability is a must

One of the most important issues faced by the food industry is traceability. The government and consumers require that food companies - producers and manufacturers alike - must be able to trace products throughout the supply chain back to their source. The serious outbreak of E.coli food poisoning in South Wales due to contaminated meat prod-





ucts showed how important traceability is for public health. This involves keeping accurate records and making them available to Food Standards Agency inspectors or other officials if required.

A range of systems for traceability is available, from paper-based to fully automated solutions. Many of the larger food companies recognize that the increased efficiency, effectiveness and security of automated systems are superior to paper-based systems and have adopted these with gusto. Investigations show that there is much for food manufacturers to gain from such systems.

"It was clear that we needed major improvements to many aspects of managing the business, especially production and inventory control, and that the existing systems were just no longer up to the job."

For example, SYSPRO's Lot Traceability features deliver comprehensive track-and-trace capabilities. In addition to enabling users to trace items back to source while maintaining

assurance certification and tracking expiration dates, the software allows one-to-one tracking between component serials/lots and parent item serials/lots. This enhanced performance means manufacturers can track products and ingredients to finite levels if required. The system also maintains a history of traceable items and keeps detailed notes on inspections.

Bradbury Cheese, based in Buxton, Derbyshire, is using SYSPRO's traceability features and functionality. John Williamson, IT Consultant for Bradbury Cheese, says: "As a food-based company we have to track and trace our product lines from when they enter our distribution centre to the moment they are displayed in shops all over Britain."

The 100-year-old company uses a comprehensive and fully integrated SYSPRO suite of modules covering manufacturing, distribution, general accounts and Lot Traceability. "SYSPRO has enabled us to meet stringent customer service levels, and we now have so much more control over our stock. In fact, we gained a return on investment through proper stock management alone. Plus, we have more visibility on what we are selling to customers in terms of product lines. There is so much more information in SYSPRO compared to the old system," Williamson says.

Recipe management supports innovation and business development

For some companies, traceability is part of the bigger picture of managing the entire manufacturing process using the overarching principle of recipe management. This links products, components, processes, resource requirements and manufacturing constraints of the production facility. Recipe management is crucial in managing each of these areas to ensure that what goes into the manufacturing process produces the desired product at the end.

For example, Victoria Foods' rapid growth proved to be a double-edged sword when the company launched a new range of products. It soon discovered that the demands and expectations of customers - created by its new product success - brought with it major operational challenges that were difficult to cope with in the early stages. The underlying problem lay with a significant increase in production complexity - more ingredients, additional processes,



and items having to be produced in much smaller batches.

At this point the company had not automated its recipe management process. The manufacturing operation was reliant on a labor-intensive combination of manual systems and multiple spreadsheets, which were typically fed data that was rarely up to date, and provided no detailed view of Work In Progress (WIP) or of what was being held in the on-site or third party off-site stores.

Attempting to meet the requirements of a 98.5% on-time delivery service for its growing product range soon created a never-ending cycle of schedule intervention, wastage, over stocking and obsolescence - not the ideal recipe for any business!

John Blackledge, Commercial Director of Victoria Foods, comments: "It was clear that we needed major improvements to many aspects of managing the business, especially production and inventory control, and that the existing systems were just no longer up to the job."

Victoria Foods found its solution in SYSPRO. Having one set of integrated, up-to-date data, plus the right systems to control all stock holdings and track movements through the factory, soon brought significant improvements in terms of stock accuracy and production visibility.

Stephanie Macdermott, Victoria Foods' Planning Manager, says: "The key first step was to make sure the core SYSPRO system achieved a clear and accurate understanding of what

needs to be, what can be, what is being and what has been produced. This represented a major advance for the business, but, just as importantly, it gave us a platform from which to move forward and introduce crucial new practices and systems."

For a start, pick and kit production has now been successfully introduced. Picking lists of the ingredients are produced by production schedulers, printed off in the stores, and the kits for each production batch are then built ready for transport to production when needed. Previously, someone from the cell would have to go to the stores and try to take out the materials needed for the next production batch. However, even if everything was available, some items could easily be stored awkwardly and not be immediately accessible.

As a result, production would regularly be held up due to not having the right materials in place in time. Moreover, the lack of preparation meant that bulk or pallet loads of some ingredients would often have to be moved out of store to production, and anything not used would have to be returned.

With its new-found data accuracy, Victoria Foods extended its ERP system to integrate APS, thereby improving the links between forecasting, sales and production. This provides a real breakthrough in terms of overall business efficiency. Through direct integration with the core ERP, the APS application is regularly fed new job information, along with WIP data from the shop floor, and from this the system automatically and very rapidly creates and updates production schedules.





As well as removing what was previously a slow and labor-intensive task, the system also optimizes production, so minimizing set up and cleaning times and maximizing utilization.

“Meeting customer service requirements and managing growth were the key drivers of the ERP implementation. Our super-streamlined operation is already meeting these challenges far more effectively. But at the same time, data accuracy and visibility through manufacturing have had an equally dramatic effect in terms of delivering bottom line gains.

“In the first full year, we have seen improving yields and a rise in overall equipment effectiveness. Even more dramatically, we have witnessed a massive reduction in ‘waste’ and ‘overproduction’ as shown by the fact that our overall stock levels are down by 16%, obsolescence has been cut by 13% and WIP has been slashed by 63% - a massive reduction,” Macdermott says.

Managing the cost of production

Companies within the UK food sector supply chain face massive challenges. Processors are under increasing pressure to produce more options, meet volatile changes in demand and constantly improve quality while still keeping prices to a minimum. In such an environment, effectively managing the workforce and keeping a tight rein on production costs is essential, especially the labor element that still tends to predominate in many food businesses.

Lincolnshire-based QV Foods is one producer that is now in a far better position to achieve this necessary control, having significantly enhanced its HR and cost control capability through the implementation of SYSPRO’s HR solution.

QV Foods is a leading supplier of potatoes for major retailers, major food manufacturers and food service companies. With a turnover of around £42m per annum and a workforce of over 300, the company has to manage volatile demand levels. With margins very tight, its business efficiency is highly dependant on both workforce flexibility and cost control.

Tina Knowles, Group Management Accountant, says: “The production requirements on the different business units can change significantly on a daily basis and so managers have to constantly match demand with resources. This can mean moving people, even part way through a shift, between production lines within a unit.

“In this environment not only do managers need to be able to establish who is working where and when, but any movements have to be tracked to ensure labor costs, which are a key indicator, are allocated accurately, and that managers understand what costs they are incurring.”

As Mike Porter, IT manager, reports: “We previously used an independent T&A system that was loosely integrated to a payroll package. Job costing was undertaken manually using a spreadsheet, with data transferred manually from payroll.”

SYSPRO HR gives QV Foods a single source of



"SYSPRO has enabled us to meet stringent customer service levels, and we now have so much more control over our stock. In fact, we gained a return on investment through proper stock management alone. Plus, we have more visibility on what we are selling to customers in terms of product lines. There is so much more information in SYSPRO compared to the old system."

HR data and a seamless process for updating labor and cost. Not only have time-consuming administrative activities been eliminated, as data for all new workers only has to be entered once, but the system also accurately captures all the work movements of both the workers who clock in and from temporary staff. The system enables the company to rapidly and accurately allocate payroll overhead to each line within each business, irrespective of workforce movement, on a daily basis.

As a result, operational management at QV

Foods has been significantly enhanced. "The job costing data we now have enables each unit to closely monitor cost against budget, especially the labor cost per ton, which is a main Key Performance Indicator (KPI), and quickly act on any production issues which cause any variances. Essentially, the data ensures any production problems, which can quickly eliminate margins, do not stay hidden for any length of time," Knowles says.

The final analysis

Clearly the food industry has to contend with a lot of pressures. IT in itself cannot solve all the issues. Indeed, successful food companies are those which fully understand their markets and are willing to ensure that their management and manufacturing processes are as in tune with customer requirements. These processes must be as streamlined as possible so that they are able to run profitable businesses.

Such companies have identified that to attain their business goals they need solutions that fully support their needs. SYSPRO has demonstrated its prowess and understanding of this market by supplying these forward-thinking companies with tailored solutions that enable them to aim high and reach their goals. ❖

National Checking Company serves up savings with SYSPRO

National Checking Company, a 100 year-old company based in Saint Paul, Minnesota, manufactures products that enhance table service, waiter efficiency and restaurant operations while increasing profitability in hospitality settings.

The company's offerings include the GUESTCHECK™, WAITRPAD®, REGISTROLL® and a complete line of DATEIT™ food rotation labels and portion bags.

While it's probably safe to assume that individuals eating out rarely equate their dining experiences with the type of order pads used by the resident waiters, National Checking believes that writing it down does make a difference.

Dennis Hartigan, National Checking's Director of Information Systems, says: "Our GUESTCHECKS improve table service, promote suggestive selling, help waiters avoid mistakes and are less expensive than scratch pads. GUESTCHECKS provide the power of positive input, fewer errors, better service and increased profits."

Furthermore, the 'Menu Prompt' feature acts as a reminder for the waiters to suggest menu items such as beverages, appetizers and desserts. "This feature gives the waiters a powerful new tool to increase sales, service and profits.



"In addition, the checks often contain a table seating diagram, which facilitates proper delivery of the prepared food to the customer, insuring accuracy," Hartigan says. "Our WAITRPAD line also helps the waiters build larger orders and input them accurately into a Point of Sale (POS) system. "

National maintains two manufacturing plants in the St. Paul area. The West St. Paul plant manufactures REGISTROLLS, while the St. Paul plant produces all the other lines. The company manufactures both to stock and customized products, maintaining several warehouses throughout the United States.

Industry prominence is maintained via trade show appearances and food service magazine advertising, and the company sells its products through a worldwide chain of distributors. The sales representatives and brokers employed by the distributors are typically trained by National.

In 1997, National decided to migrate from its accounting software package to an ERP solution that integrated accounting, manufacturing and distribution functionalities. "I went out looking for something that was text-based and also offered a Graphical User Interface (GUI). I discovered SYSPRO," says Hartigan, who liked the fact that SYSPRO encompasses functionality to enhance the efficiencies of both manufacturing and distribution operations.

"I sold the National Checking executive team on SYSPRO by showing everyone how easy it



was to get the specific information required by using the GUI," he says.

Today, Hartigan's selection of SYSPRO is continually reaffirmed, thanks to both the deep functionality inherent in SYSPRO and the excellent support provided by SYSPRO resellers Business Technology Partners and RTE of St. Cloud, Minnesota.

"With SYSPRO we've eliminated separate databases. We can now pull out the data we need to track customer and distributor sales out of the SYSPRO database. This is particularly important for our promotional allowance programs," he says.

An important benefit delivered by SYSPRO was the availability of manufacturing numbers. The software also enables National Checking to reconcile inventory figures against purchase orders. In fact, to begin with the company was finding several thousand of dollars in lost revenues every month.

"With the old system, there wasn't sufficient documentation, whereas with SYSPRO there's a true trail of everything that's going on. We are able to track every single transaction," Hartigan says, citing sales orders and the ability of SYSPRO to match open sales orders for the period against open purchase orders. "This enables us to align inventories against Purchase Orders and bills of lading to ascertain whether all invoices have been issued.

"More importantly, because we also know all our manufacturing costs, we can easily determine gross margins to see how we're doing."

SYSPRO's Electronic Data Interchange (EDI) is particularly critical to National Checking, as the company has made several acquisitions over the years and its invoices have grown by

more than 50%. SYSPRO EDI enabled National to handle this growth without having to hire additional personnel. At present, about 68% of all the company's invoices are going through EDI.

The company is positive about its switch to running SYSPRO on an SQL platform. "We developed a lot of third-party programs that work with SYSPRO through SQL. We can look at a customer, and we can pull in all data on that customer from any one of our databases. We can look at sales orders; we can look at the PODs; we can look at custom print; we can look at everything on one screen, but the biggest advantage is the way we use the reporting server of SQL. That's the main advantage we had in moving to SQL. We can use SQL to pull numerous reports out of SYSPRO," Hartigan says.

Hartigan admits that while SYSPRO is a very sophisticated program, National has yet to fully exploit its potential. "But we do use a significant amount of it to the fullest. The SQL portion has allowed us to take that extra step, as it helps us to manage our data. When you use SQL Reporting Services, you just state the parameters and pull in the report. When the report changes, the programming automatically changes as well. With Crystal Reports, you must write a separate Crystal report outside of Visual Studio and you must also create one within Visual Studio."

Like many responsible US corporations, National Checking Company has adopted an aggressive 'green' initiative. "We are introducing an ongoing stream of new eco-friendly products, including the new EARTHSAFE™ line," says Hartigan. "I have no doubt that SYSPRO will play an important role in helping to secure sales of the new line." ❖



Purity Factories

benefits from SYSPRO EDI

Since its inception in 1924, Purity Factories has been supplying the province of Newfoundland in Canada with many of its traditional food staples and treats. For the better part of a century, Purity has been making hard bread as well as regional classics such as Peppermint Nobs, candy kisses, flavored syrups and a variety of crackers, biscuits and jams.

During the 1950s, the company moved to its present location in St. Johns, Newfoundland, which houses the company's bakery and administrative offices. Today, with 70 employees and more than 50 products, Purity's reputation has spread beyond Newfoundland, and its products are now available in stores across Canada.

An important part of Purity Factories' recent growth has been the strength of its relationship with Wal-Mart, which began in 1994 when the retail giant first entered the Canadian market. All across North America, Wal-Mart has been a major force behind the proliferation of Electronic Data Interchange (EDI). EDI helps businesses partners achieve just-in-time ordering objectives by facilitating the automatic exchange of transaction information. Using the Internet to automatically transfer data such as purchase orders and invoices allows retailers such as Wal-Mart to lower expenses, increase productivity and improve customer service.

In 2008, despite having used SYSPRO for more than a decade, Purity Factories, like many small- to mid-sized companies, was still manually importing and exporting its transactions to and from the Wal-Mart system. After a good deal of thought and consultation, Rhonda Kelly, Purity Factories' Controller, decided to take the plunge and implement SYSPRO's EDI module.

The decision to adopt EDI made good business sense, but the technology involved was outside Kelly's comfort zone. "When I came to work here 22 years ago," she remembers, "we still had rotary phones. Going into the EDI implementation process, I didn't understand what the technology was or how it worked."



As the date set for the EDI implementation approached, Kelly had second thoughts. "I was nervous," she admits. During the implementation we had to cut off our Internet connection with Wal-Mart, and I was worried that we wouldn't get paid."

When implementation day rolled around, however, everything went smoothly. SYSPRO did all the background work and set-up, and the testing took only a day. "We could have gone a lot quicker," laughs Kelly, "but I was slowing everything down with my nervousness. Just the same, it went ahead, and I'm very glad that it did."

Now, instead of Purity manually keying in its invoices, code numbers and quantities, the company receives and sends EDI transactions with virtually unattended import and export operations. SYSPRO EDI reads the invoice documents and transfers the data into Wal-Mart's network for processing by the retailer's computer systems. When human response is needed, users are notified of EDI activity via e-mail.

"In addition," says Kelly, "when Wal-Mart pays our invoices, the SYSPRO EDI module automatically posts the payments into each Wal-Mart Accounts Receivable account. That was a bonus we didn't expect."

With their Wal-Mart transactions fully automated, Kelly and her colleagues can focus on the jobs they were hired to do. "We're delighted with SYSPRO EDI," says Kelly, "and we haven't had a hitch. We're getting paid faster, and we're saving time — which also saves us money." ❖



SYSPRO: The Global Gourmet

Increasing world travel, changing demographics, multinational business, and greater diversity at home have whetted our appetites for international flavors — whether in national dishes or creative culinary fusions. Anyone entering the food service industry today must be prepared to meet this growing demand. Taste truly has gone global, and SYSPRO has been there every step of the way. Here is a selection of quotes from just some of our customers in the Food and Beverage industry.



Two Chefs on a Roll

"I attribute the company's surging growth to a formula that includes creative, high quality food solutions, top-of-the-line ingredients, flawless manufacturing techniques, resourceful marketing and an enterprise resource planning (ERP) software solution from SYSPRO, Costa Mesa, Calif."

Over the past 16 years, Two Chefs on a Roll has evolved into a full range factory of custom savory and bakery products. Products range from cinnamon rolls and cheesecakes to spicy hummus, specialty dips and sauces. This rapid growth can be attributed to masterful research and development combined with flawless manufacturing techniques. Two Chefs on a Roll supplies food service clients and specialty retailers throughout the US with a wide range of extraordinary and creative foods.

SABMiller

"SYSPRO is the perfect fit for the brewers' requirements. We arranged for top management to visit our Tanzanian operation, and they were deeply impressed with the SYSPRO solution. In India we loaded a demo version, and I showed the management accountant how to use the basics - General Ledger, journal entries, and so on. The next morning I discovered

that he had spent the night teaching himself the system through the online help facility and no longer needed my assistance."

SABMiller is the world's second-largest brewing company with a presence in more than 40 countries across four continents. The company has a portfolio of over 100 strong brands, including Pilsner Urquell, Foster's Lager™, Henry Weinhard's and, of course, Miller brands. SABMiller has leading market share in many of the countries in which it has brewing operations. Outside the US, SABMiller is one of the largest bottlers of Coca-Cola products in the world. SABMiller Africa & Asia has been pursuing a strategy of standardizing on SYSPRO software for a number of years. SABMiller currently runs SYSPRO in a number of African countries and India, allowing them to better leverage opportunities in those countries.





Walsh Family Foods

"We chose SYSPRO because it had a wide user base - it was tried

and trusted - with a fair balance between price and performance. It also had good integration with Windows technology and showed a promising development path. We have European Food Safety Inspection Service (EFSA) higher level approval, and our record-keeping and record systems have to be up to scratch to support that. With the current upgrade, we're 'turning on' the traceability aspect of the system with the introduction of bar-coding and RF technology."

Founded in the early 1950's, Walsh Family Foods has grown into the market leader in Ireland for chilled handheld snacks, frozen crispy garlic mushrooms and tempura coated natural onion rings. The company also markets an innovative range of chicken and appetizer products. Based in Finglas on Dublin's north side, the company operates from a state-of-the-art production facility. The company manufactures to Hazard Analysis and Critical Control Points (HACCP) and the higher level EFSA standard.

Bonté Foods

"The ability to see at a glance what's in each warehouse and what's available for sale is a real time saver. HACCP is a lot like ISO Certification in that it is very detailed and demanding. Excellent tracking of products by lot is critical for us. SYSPRO gives us the tools to meet the current and future HACCP requirements. There's always something new to make our work even better. I would recommend it to anyone in our industry."

Bonté Foods began operation in 1977 as the major supplier of pizza and Donair products to its sister company Greco Pizza, Atlantic Canada's No. 1 pizza delivery chain. Twenty-five years later, Bonté is building its fifth plant expansion, doubling its plant size yet again, and aggressively going after markets across Canada and into the US. Bonté's products include Donair meat products, pita bread, bagels, Grecco Pizza products, Mrs. B's salsa and soups made in its federally inspected Dieppe, New Brunswick plant. Bonté has recently undergone a new state-of-the-art expansion of its freezer and bakery as a direct result of a successful drive to expand the sales base with new products.



Kencraft

"The software is really exceptional. It expedites entry of our high volume of orders. Additionally, it provides the flexibility to extract the data we need for better decision-making purposes. We can customize reports, flag items that need to be looked at and readily calculate re-order levels to optimize inventory levels. We can manipulate data and project forward. This is very important for a company such as Kencraft that does a high volume of business."

Kencraft from Alpine, Utah, gained national recognition in 1974 at a trade show in Chicago as a result of its handmade sugar Easter eggs and Christmas decorations. What began as a 'home' business making handcrafted confections for friends and neighbors expanded into icing decorations for bakeries and confection products for Disneyland and retail stores across the US. Their trade names Lollipals, Candy Climbers and Bubble Gum Buddies have become collectors' items, not just candy.





Forkless Gourmet

"SYSPRO's Trade Promotion Management module is a best-in-class solution to the host of trade promotion and deduction management issues facing Consumer Packaged Goods (CPG) companies today."

In 2003, when Chicago, Illinois-based Forkless Gourmet introduced its new line of authentic ethnic meals in a bun, the company set out to fill the unmet need for high quality, authentic ethnic frozen food in a convenient, handheld form. Forkless Gourmet has a proven team of senior food executives and a dynamic group of additional staffers – many of whom worked together in the past to successfully build emerging food brands such as Boca Burger and Brooklyn Bagel Boys. Together, they set out to pioneer the creation of the Bun Meal category in the US and set the new gold standard for taste in frozen ethnic food. For that reason, they call themselves 'Bun Meal Pioneers'. In 2004, Forkless Gourmet was awarded 'Best New Product' at the Food Marketing Institute (FMI) show in Chicago.



Crosby Molasses

"The new screen layout for Structure & Routing maintenance (defining how to manufacture any product) presents both ingredients and labor operations to the operator in a single window. This makes viewing and updating product definitions very convenient. Crosby makes good use of SYSPRO's powerful 'what-if' costing for financial projections and its 'back flushing' facilities for materials management."

Crosby Molasses is a long-established family firm whose beginnings date back to before the turn of the century. Crosby has remained consistently up to date in



its operations to meet modern demands. The firm's main processing plant in Canada uses the latest in automatic filling and packaging equipment. Crosby diversified its business during the 1960's to include the manufacture of pancake mix and flavored crystals, the packaging of table syrup and the marketing of the Cap'n John line of seafood products. Since the early 1980's, the company's flavor crystal business has expanded greatly. Crosby has become a signature name and is synonymous with molasses and other quality food products.

Delta

"After growing into an industrial and commercial conglomerate, Delta unbundled its operations to become a focused beverage company, supporting several product groups and brands. This led to a complete re-engineering of business processes, and an enterprise-wide suite of resource planning, execution and analysis tools was recognized as an essential success factor for the new organization."

Delta Corporation is a holding company that has invested in and taken management responsibility for a broadly-based portfolio of businesses which operate throughout Zimbabwe. From this small beginning the brewing company developed into a major commercial and industrial operation. By 1950, it was producing pale ale, milk stout and Sable Lager. Over the years the company continued to expand its portfolio of businesses and diversified its brewing base. Delta's interests focuses on the mass consumer market and includes lager and sorghum beer brewing, the bottling of carbonated and non-carbonated soft drinks, supermarket and furniture retailing, tourism and various agro-industrial operations. Delta has 700 SYSPRO users.

Satake selects SYSPRO for the long haul



Specialist food equipment manufacturer Satake is reaping the benefits of complete project management support, the ability to capture all costs related to its equipment imports and improved foreign exchange management thanks to its implementation of SYSPRO.

Satake designs and constructs a wide range of specialised machines that ease the milling and bulk processing of cereals, pulses, nuts and even plastics. Its equipment and processes are used to speed and improve almost every area of agricultural processing from cleaning and sorting grain through to conditioning, de-hulling, polishing or pelletising, weighing, blending and bag packing.

A wholly-owned subsidiary of the Japanese-based Satake Corporation, Satake Australia has developed a well-deserved reputation for innovation in the way it adapts existing equipment to meet the needs of Australia's niche producers.

Although Satake is a manufacturing company, the high degree of customisation makes it a services-intensive operation. Every sale is described as a project and the company averages between 15 and 20 projects each year.



Creating the Future
SATAKE

Maresh Patel, Satake's accountant, describes it as “.. a very specialised process engineering business. If a customer wants to mill something, we design that process.” He gives the example of a bio-ethanol plant which employed Satake to develop processes and technologies at the plant's front end, preparing the sorghum in ways that maximise the fermentable grain entering the processing system.

Back in 2002, Satake's management relied on a small MYOB-style business software package to handle its day-to-day financial activities and business reporting. Despite limited functionality, the suite met the company's needs and Patel was happy enough with the solution. Unfortunately the IT industry rarely stands still for long, particularly for small developers, and during that year Satake was advised that the software vendor would soon cease support of the suite.

It was time to seek a new solution with a longer lifespan.

Patel used the opportunity to consider a range of software offerings from tier one vendors down to small packages. His requirements included strong landed costing capabilities to help track the progress of the company's spare parts and machinery imports, and to capture all costs related to each imported item. “We source machines not just from Japan but from all around the world,” Patel explains. For the same reason, support for foreign exchange management was critical.

Given the custom preparation that goes into each machine, a comprehensive contract or project costing module was necessary. The software had to allow Satake to record labour, stock items and a variety of other costs against each client project, and reconciling project estimates to actual costs was crucial.



While Satake's inventory is not particularly huge – accounting for only 3,000 standard stock items – inventory management capabilities were also investigated. The business needs to track a total stock file of approximately 10,000, with non-stock items ranging from major machines to small washers.

In the end Satake selected SYSPRO. “One of the main reasons for choosing SYSPRO was I was able to test demonstration software on my computer. Another good reason was that the price was well within our budget,” Patel says.

Once the decision to move to SYSPRO had been made, the implementation took just six weeks.

“Because all the modules are so solid, we didn't require any modifications. And because it is so easy to understand, we were able to install SYSPRO without having to do a parallel run. There was no phasing in period. We just turned on all the modules on day one. It sounds brave, but because of the volume of transactions we were able to make that decision,” he says. “SYSPRO is very easy to learn and to use. All the modules follow a similar pattern so once you learn one it becomes very easy to understand all the other modules.”

The switch in software has made customer service much faster and more accurate, with the SYSPRO customer enquiry screen being used by all staff whenever someone phones in. If the customer doesn't know a part number or the exact details of his or her equipment, the system readily supplies all the necessary information.

SYSPRO's tight integration with standard Microsoft Office applications makes it easy

for staff to extract and review data for greater analysis using familiar tools. Inventory data, for example, is extracted into Microsoft Excel where it is used to reorder items and examine old stock.

The cash book module has also proven its worth. “The foreign currency bank account is always reconciled to our foreign currency statement,” Patel says. “Foreign currency can be a problem to reconcile and when we were first looking for a solution, this was an area that other software vendors' modules didn't handle particularly well. With SYSPRO it is very easy to do and to control.

“SYSPRO has given us much more functionality than our previous software, especially in the areas of inventory and project management. Compared to five years ago, it has become very easy to find non-stock items or to track the cost of making that non-stock item.”

Although Satake receives support from SYSPRO partner and business solutions provider Team Computing Australia, the company has remained largely self-sufficient. “We've hardly ever had to call for support. The software is very stable,” Patel says.

Having a reliable and well-performing ERP system is important to Satake management. In a company of just 20 people, nobody can afford to waste time on inefficient processes. The highly skilled staff remain free to concentrate on developing Satake's presence.

“Australia represents a steady market with some interesting challenges. We work on a lot of niche products such as pyrethrum, which is only grown in a few countries in the world,” Patel points out. The continual demand from projects such as this means that Satake staff are likely to remain at the forefront of new process development, building on their reputation as specialists with world-leading expertise. ❖



SYSPRO gives Lombardi food for thought

Lombardi Foods, a privately-owned company, supplies a large range of fresh foods to leading South African retailer Woolworths. Lombardi produces more than 250 finished products, all of which are manufactured on a daily basis. Lombardi Foods has enjoyed substantial, sustained growth and is recognized as a top Woolworths Foods supplier. It faces a number of key challenges including short lead times, varying product volumes, Just in Time production and material usage variation.

Roberto Lombardi, MD of Lombardi Foods, says the company's existing software system and manual processes could not support its large growth or demand for more accurate and real-time information. Consequently, a team was dedicated to finding an integrated software solution to replace Lombardi's current disparate systems and enable control of all the core business processes.

Key to this control was a system which would cater for Lombardi's complex recipe management and costing model. The system needed to be able to accurately report on costing and usage variances within production while being user friendly and customizable. Large volumes on forecast and order input from customers needed to be imported electronically to reduce costly man hours and manual error. Daily production output, material usage and finished goods dispatch needed to be controlled within the integrated system in real time. Finally, a proactive management team required powerful, real-time reporting which was easily accessible and customizable.

Together with EOH, a leading SYSPRO implementation partner, Lombardi Foods created a structured implementation plan to roll out SYSPRO in all areas of its core business. Adopting a multi-phased approach ensured the organization was prepared for the change at each milestone of the implementation. Several smaller projects ran concurrently to ensure a minimum implementation timeframe.

"We needed an integrated system which



enabled us to focus on one version of the truth. Our legacy systems were falling over and we needed a new feature-rich system which was fast and relatively easy to implement," Lombardi says. "It's imperative that the set-up is done properly and you follow a structured implementation. The benefits from the software and powerful real time reporting are endless. The successful implementation has delivered a full return on project cost investment within two years."

Sales orders and forecasts were imported directly from Lombardi's portal into SYSPRO using the Document Flow Manager, saving substantial time and reducing human error. A dedicated team within Lombardi Foods harnessed the feature-rich Bill of Materials module to create detailed and accurate recipes for its products, incorporating various cost elements from direct raw material costs to overheads and packaging.

SYSPRO's MRP and Work In Progress modules were used to suggest, plan, create and manage large numbers of daily works orders, while also providing suggestion into the procurement of raw materials. Customized reporting and detailed factory documentation provided the link between system, management and shop floor. This enabled information collected from three previous disparate systems to be elegantly presented from one system on one document.

Commenting on further benefits, Lombardi says there has been a remarkable reduction in processing time as well as a reduction in human processing error. "Accurate costing and usage analysis has enabled management to focus its energies on the derived information and reporting, drive cost reduction exercises and empower staff in the process," he says.

"In addition, Production benefits from the efficiencies provided by the fully integrated software, and the management team can react to information quickly and make changes where productivity needs to be improved." ❖



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