



Aptean Food & Beverage ERP

Beginner's Guide to ERP for Food Companies





If investing in enterprise resource planning (ERP) software for your food business seems like a huge undertaking, we can understand. The implementation requires you to integrate all of your processes into a single system—and that’s especially challenging in the food industry, considering the myriad operational and regulatory requirements you need to take into account.

In this guide, we’ll walk you through our recommended steps for achieving the goal of ERP implementation, from determining if your business is ready to put ERP software in place to finding an industry-specific solution from a provider you can trust.

Recognizing when you need ERP software

When can you know that your business needs an ERP system? Early on, basic business software will likely be “good enough” for your initial needs—but does not scale as your business grows. There are two warning signs to watch for as growth continues.

1. First, when the volume of activity reaches a critical point, you’ll notice that your systems and processes are becoming overloaded and bogged down.
2. Second, when your business becomes more established and starts competing with larger competitors, you’ll start to feel the pressure of optimizing your operations and maximizing profits.

Here are a few more symptoms that indicate it might be time to start shopping for the right solution:

- › There's no longer a single version of the truth; the same question has different answers depending on your source of information
- › Waste is up, but yields are down
- › Customer satisfaction is lagging because deliveries are slow or wrong
- › Working capital is limited because you're retaining inventory to make up for an inability to forecast sales
- › Salespeople become frustrated by the lack of instant, remote access to pertinent information
- › Anxiety over food safety emergencies becomes a burden

Keep an eye out for these indicators, and don't wait until they've become major problems in your daily operations, as getting an integrated system in place and customized for your business can take a year or more, and by then it could be too late. And don't let your business's size hold you back—good ERP vendors are flexible and work with a wide range in terms of scope and budget.



Manufacturing ERP: two broad categories

Before beginning your search for a provider and solution, it's important to understand that ERP systems are generally designed for one of the two types of manufacturing businesses.

Discrete manufacturers make products by assembling parts, and as such, their products can also be disassembled into their constituent components. Think cars, computers, machines and equipment.

Then, there are process manufacturers, which create products from formulas or recipes, resulting in a new whole that can no longer be disassembled. Examples here would be chemicals, pharmaceuticals, cosmetics and, most relevant to you—food.

As a process manufacturer in the industry of food, you'll need to be on the lookout for systems with specific functions. Your business likely needs the ability to scale batches, optimize shelf life and substitute and track ingredients. Additional desirable features include allergen management, reverse bills of materials (BOMs) and nutritional information calculations.

Anatomy of an ERP system

If you're experiencing some of the pain points discussed above and are interested in beginning an ERP implementation, you're probably wondering what to expect and how to evaluate your options. Here is a lengthy—but not exhaustive—list of what a good food business ERP would offer:

Quality

- › Support SQF/BRC/FSMA/GFSI/HACCP initiatives
- › Quality audits and checks
- › Control release and delivery of goods (based on audit)

Food and safety compliance

- › Ingredient and product traceability and recall
- › Quality hold management
- › Allergen management
- › Pre-receipt inventory entry compliance

Warehouse and inventory

- › Picks and put-aways
- › Expiration date management (first-expired-first-out)
- › Physical counts
- › Shipping and receiving
- › Lot tracking
- › Serial tracking
- › Pallet license plates
- › Catch weight/variable weight
- › Same-site, multi-site inventory transfers
- › Bin management
- › Custom per-item reorder policies (quantity, lead time, handling time, safety stock)
- › Logistics planning



Manufacturing and production

- › Master production schedule (MPS) planning
- › Batch/item production consolidation
- › Capacity and bottleneck management
- › BOM and reverse BOM management
- › Net BOM requirements and calculations
- › Multi-plant production management
- › Co-packer management
- › Co-product management
- › Production cost analysis
- › Yield reporting
- › Allergen management
- › Production forecasting
- › Activity-based costing

R&D and product development

- › BOM costing
- › Nutritional information calculation
- › Ingredient declarations
- › Lab and production formula management
- › Formula version costing and comparison

Reporting and analytics

- › Built-in reports and templates
- › Customizable reports
- › Scheduled reports
- › Device-agnostic access (laptop, tablet, smartphone)
- › Customizable access permissions

Sales

- › Customer management
- › Contact management
- › Pricing (price list management, customer tiers, volume, promos)
- › Sales order management
- › Direct store delivery
- › Sales and broker commissions
- › Customer rebate management
- › Trade promotion management/trade spend

Purchasing

- › Vendor management
- › Purchase pricing management
- › Purchase order management
- › Material requirements planning (MRP) based on demand or re-order points
- › Purchase rebates



Finance

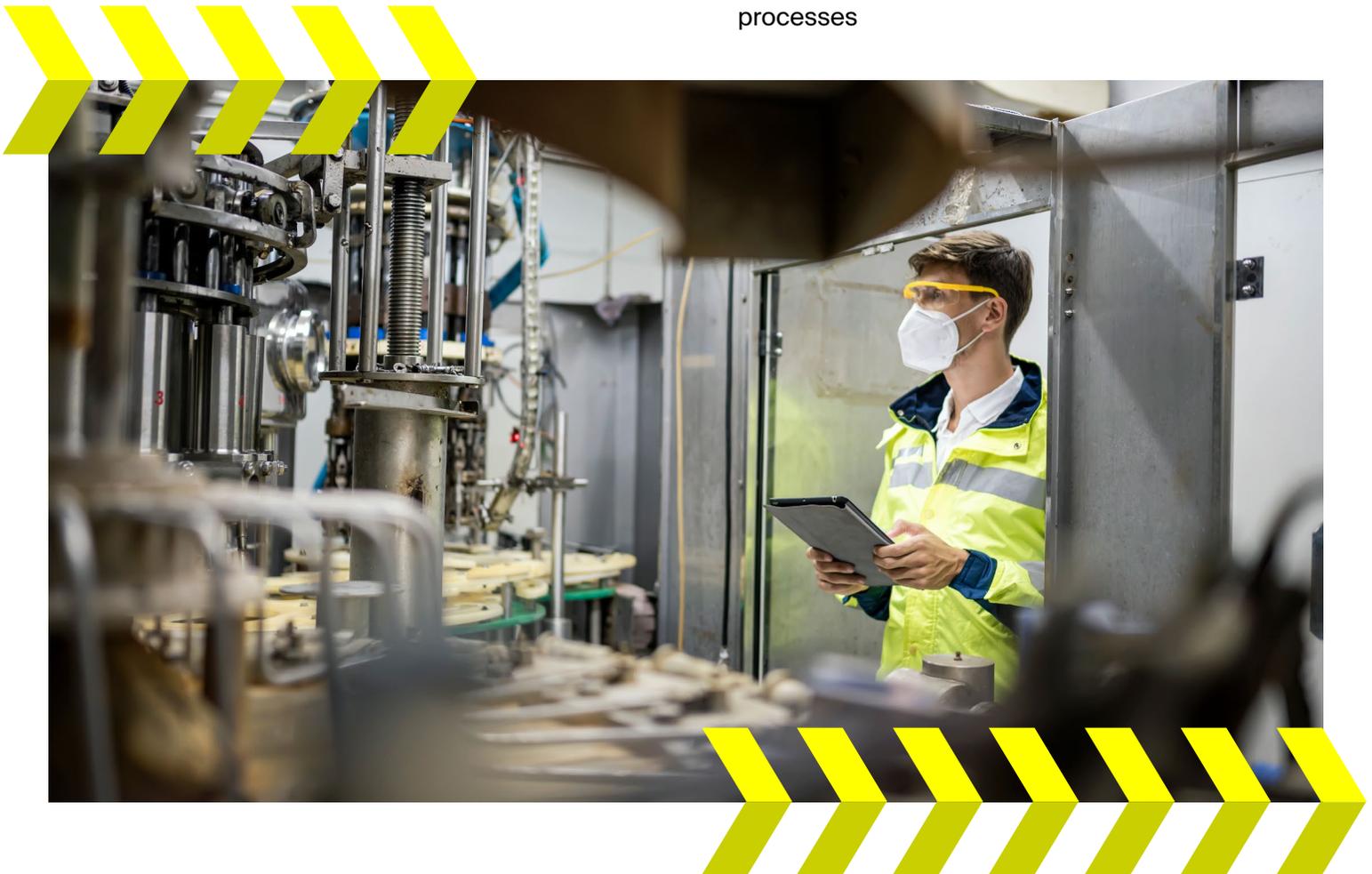
- › Billing and invoicing
- › Accounts payable and receivable
- › Budgeting
- › Fixed asset management
- › Inter-company consolidation (for multiple business lines)
- › Customer credit management
- › Cost analysis
- › Cash flow forecasting
- › Multi-currency support
- › Payroll integration

Plant maintenance and preventative maintenance

- › Maintenance, repair and operations (MRO) work orders
- › Preventative maintenance scheduling and planning
- › Maintenance cost and time tracking
- › Parts inventory management

Other features

- › Cloud deployment
- › Mobile device support
- › Barcode scanner support
- › Credit card processing
- › Electronic data interchange (EDI)
- › Custom programming for unique requirements or processes



Beginning your search and managing the process

Once you're confident that you need modern ERP software for your business, you can consider hiring a consultant specializing in evaluating business software so that you know you have the right expertise on-hand. That being said, in some cases it's better for internal team members to conduct the research so that the business can handle the decision on its own.

Regardless of your approach, this step-by-step process should lead you in the right direction:

Know your needs

Don't you hate when you forget your shopping list and end up not getting all that you need? It would be especially tough to learn that lesson when looking for your ERP solution. Take the time to spell out just what your requirements will be.

Make a vendor evaluation matrix

An evaluation matrix—a popular tool in procurement processes—is essentially a scorecard for the different solution providers you're considering. You'll want to come up with the criteria on which you're judging the competitors and keep matters as objective as possible.

Of course, subjectivity can't be entirely avoided, and certain attributes like friendliness and stability can be important, even if they aren't measurable. Include in your matrix what you feel is truly vital for a business partner, be it quantifiable or not, and then evaluate as objectively as possible.

Create a request for proposal

Once you've spelled out what you're looking for, next up is the request for proposal (RFP). This needs to be specific and thorough, making clear exactly the specifications and features you need. It's definitely a good idea to include your evaluation matrix so that all parties know how they will be judged.

If you're unsure of your requirements in a certain area, it's perfectly fine to ask for recommendations from the vendors, but be as clear and explicit about your needs as possible. Also, keep it concise—if you find that the document is stretching on for pages and pages, there's a chance you may need to dial in on your requirements so that you can be more succinct and direct in your request.

Evaluate objectively, look for a good fit and make your choice

Assuming you put in the effort necessary to create a satisfactory evaluation matrix and RFP, grading the submissions by your potential vendor candidates should be straightforward. That said, don't limit the evaluation process to just a few individuals—allow qualified employees from throughout the company to take part.

This should ensure no details slip through the cracks, and involving more departments encourages widespread buy-in once a solution has been chosen.

Prepare and lead the organization through the implementation

The implementation process is very complex. There are numerous technical challenges and requirements, process changes, operational changes, and the list goes on. Keep in mind that organization and behavioral challenges are to be expected, but not underestimated. We have a separate whitepaper on just this topic, so definitely give it a thorough read once you've settled on the solution that fits your needs.

Also, make sure your vendor can act as a partner to you in more matters than technology—change management expertise is also a key.

Unlock the Power of a Food-Specific ERP

As a food business professional, you know how quickly the industry changes and how competitive the marketplace is. That's one of the main reasons that the right ERP software is so critical to getting ahead and achieving your growth goals.

There's no doubt that the process of implementing a solution is daunting, but the breakthroughs in transparency, efficiency and profitability will make it worth the work. It's critical that you select a vendor that will partner with you through the entire ERP selection and implementation process. Aptean can help. [Reach out today](#) to get started.



Are You Ready to Learn More?

Interested to see how Aptean can help you better manage your food company?

Contact us at info@aptean.com or visit www.aptean.com.



About Aptean

Aptean is one of the world's leading providers of industry-specific software. Our enterprise resource planning and supply chain solutions are uniquely designed to meet the needs of specialized manufacturers and distributors, while our compliance solutions serve specific markets such as finance and life sciences. With both cloud and on-premise deployment options, Aptean's products, services and unmatched expertise help businesses of all sizes, across many industries, to scale and succeed.

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