How to Adopt **Transformational Technology** & Still Keep Your **Business Running**

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It's remarkable how many food and beverage manufacturers are still using antiquated software platforms to manage the range of data and details across their businesses. It's especially remarkable given the list of issues these companies must address, some on demand: ingredient traceability and transparency, promotional pricing and pricing rules, regulatory compliance, ingredient and product warehousing and expiration, as well as complex supply chain details and basic business operations. In today's digitized, data-centric business environment, C-suite leaders of food and beverage companies who are on the fence about adopting modern enterprise-wide systems certainly recognize the numerous advantages of adopting new technology. But they also want to know, "How will I keep my business running while undergoing an enterprise-wide software integration?"

THE MARCH TOWARD
Digitalization

There's no doubt that the most competitive food and beverage businesses are operating in a digital environment. The 2018 CSB-System survey found that decision makers from 29 countries within the food and beverage sector believe that digitization will play a significant role in the industry's future, noting increasing retailer requirements, strict international legislation on food safety and traceability, and growing consumer demand for quality and freshness as top challenges digitization could help to solve. They note that Enterprise Resource Planning (ERP) systems will likely play a critical role.

Sage Software market and product strategist Robert Sinfield noted that process manufacturers, including those in food and beverage, can reinvent their firms via traceability across product innovation and the supply chain through digital transformation

and Industry 4.0, bridging physical and digital in "cyber-physical" systems using big data, AI, and the Internet of Things (IoT) to create smart factories. Sinfield explained that ERP software has emerged as one of the key pillars of any modern digital strategy, whether as on-premise platforms, public cloud environments, private cloud environments, or hosted platforms.

According to Allan Fine, Field Sales Engineers Manager for Sage Business Cloud Enterprise Management, for C-suite executives it's also about staying relevant and meeting expectations. "Rapid changes in how we interact with technology has created an expectation in customers, suppliers, and, more importantly, recruiting and retaining employees," he said. "Today, there are expectations that transactions are secondary and automated with real-time analytics pinpointing changes in business conditions."

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WHAT COULD
Possibly Go Wrong?

However, as transformative as a technology upgrade can be, change of any magnitude is often uncomfortable. Changing something as consequential as an ERP platform can be daunting to a food and beverage CIO. Can we keep systems humming through the process? How do we prepare staff so that business isn't disrupted and train them for day one of the new system? How do we deal with potential staff resistance? What planning is required to keep products from spoiling?
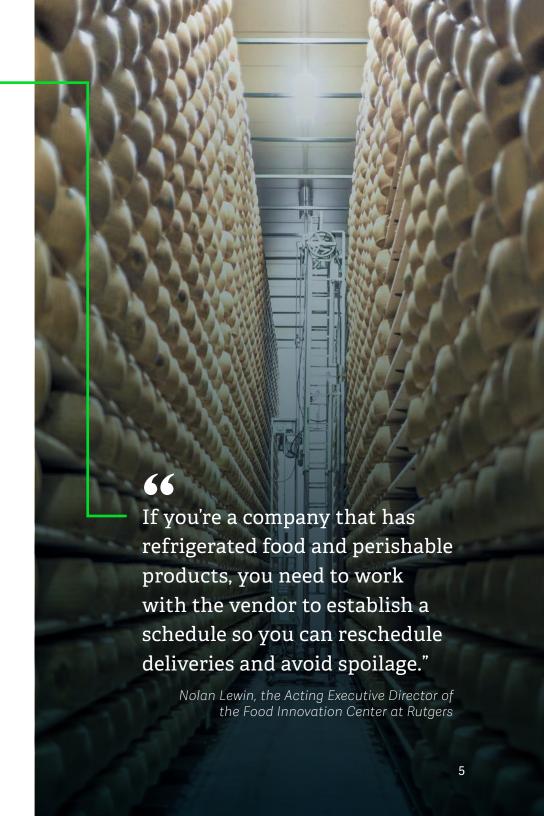
Nolan Lewin, the Acting Executive Director of the Food Innovation Center at Rutgers, has implemented ERPs—most recently at a bottling facility.

"Acceptance is always one of the biggest challenges by a seasoned crew of people who are used to doing things a certain way," he said. "You'll hear from a lot of people that finding workers who are capable of being trained is the biggest challenge most companies are facing. Today, there's definitely a shortage of qualified individuals who are willing to work in manufacturing, particularly in the food and beverage space."

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But he pointed out, most larger companies already have some sort of management system, so the training process is a little more seamless—more a matter of learning the nuances.

Food and beverage manufacturers do have an industry-specific issue that must be addressed in anticipation of the transition—how to protect perishable products from spoiling. This has become an even greater issue for prepared foods manufacturers, given that more companies are meeting consumer demands for less preservatives. But, said Lewin, this is a matter of planning.
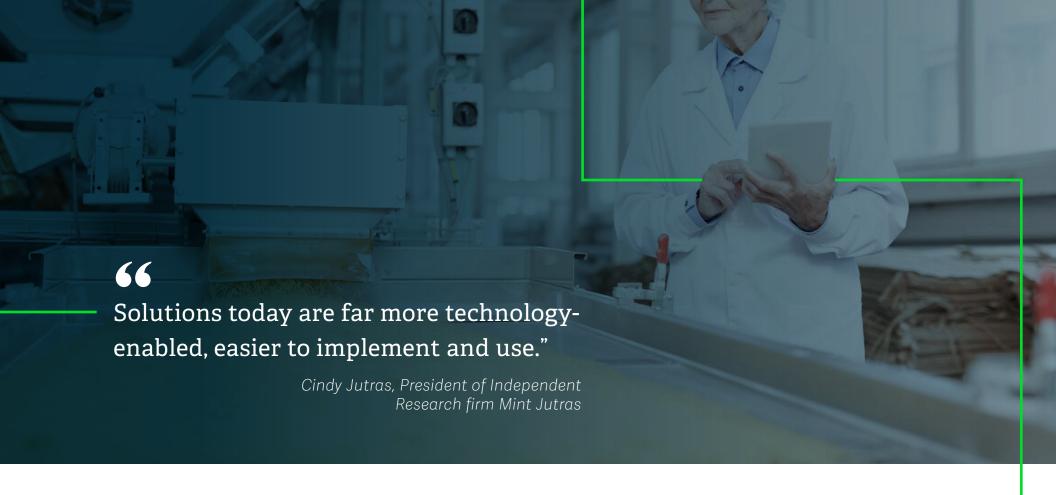
"If you're a company that has refrigerated food and perishable products, you need to work with the vendor to establish a schedule so you can reschedule deliveries and avoid spoilage," he advised.

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And that's the point. There's a solution to each anticipated problem and the issues that are driving the transformation are far more harmful to the company's ability to compete than any anticipated concerns. Think antiquated platforms like AS400, legacy ERP systems that are no longer supported, or disparate systems in a single enterprise. For instance, Tree Top subsidiary Northwest Naturals found that they were hampered by the multiple, disconnected software applications they were using to manage their manufacturing operation. Not only did it result in inefficient duplicate data entry, but it also increased the likelihood of making errors. Whatever concerns the juice company had about jumping into a new system—in this case, Sage Software's Sage X3 integrated business management solution—were offset by gains that included the elimination of duplicate data entry, more accurate and efficient production planning, easily trackable and enforceable quality standards, and forward and backward lot traceability.

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> " **Solutions today are far more technology-enabled, easier to implement and use.**"
>
> *Cindy Jutras, President of Independent Research firm Mint Jutras*

"With Sage X3, we're able to manage our inventory much more tightly," said Twyla Del Pozzi, Northwest Naturals' Finance Administration Manager. "All transactions affecting inventory are in one system, and as a result we've seen a big boost in our overall accuracy."

In fact, according to Cindy Jutras, President of Independent Research Firm Mint Jutras, ERP project disasters might have been common in the early days of ERP, but "solutions today are far more technology-enabled, easier to implement and use." She said that equally important is management support of the project and change management initiatives. In other words, people and process. Her company's late 2018 survey of more than 300 North American manufacturers and distributors found that 67 percent rate their implementations as successful or very successful.

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PREPARING FOR
a Successful Implementation

Let's assume you've done your due diligence in selecting an ERP vendor for your food and beverage business. The vendor has expertise in food and beverage and did a solid needs evaluation—or "scoping." You've distinguished between your needs and your wants—the wants, perhaps, items that can be held as part of a second phase. Between you and the vendor, it's been determined how the platform and software should be configured and parametrized to meet your company's business processes.

"More senior consultants will make scoping more of an interactive discussion rather than just interviewing," explained Steve Homolak, Distribution & Manufacturing Consultant for Sage's Professional Services. "They'll also dive into more ad hoc industry-specific questions based on their knowledge of the industry."

It's also important that you as the customer also have realistic expectations. As Homolak explained, "You would be surprised how many clients think a new ERP system should do everything imaginable and without modifications." One way to avoid any misunderstandings is for you to share from the start your expectations and assumptions of your new system, the implementation process, and support up front with the vendor so you'll know if these are legitimate or not.
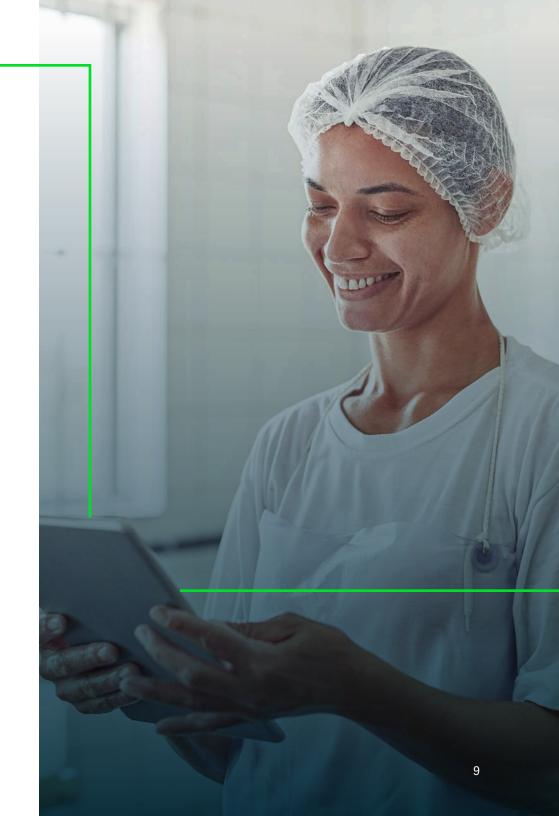
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For example, as Homolak explained, the scoping may appear on paper to be finished in this kind of session, but given that new users don't have a detailed enough understanding of a system, like Sage's X3, and vendors can't fully understand the full scope and details of the business enough to fully configure the system immediately, it's considered an excellent first start. Homolak said the scoping will be refined over time as the customer spends more time on the system and the vendor gains a better understanding of the customer's finer requirements.

Homolak suggested that, as part of implementation preparation, organizations should get control of their data and start the scrubbing early. There should be a data audit conducted throughout the company to know and track what data should be migrated and what outdated or redundant data should be removed. Bad data can cripple a go live.

In the context of data, there has to be consistency in issues, including naming conventions, merge/purge of customer data, and understanding packing units and how that impacts SKU count. In the context of managing those processes, having the discipline to communicate issues such as lot control, expiration date control, allergen control, and packaging and repacking processes are among the tasks necessary to communicate with vendors when designing the system. There has to be a deep understanding of current processes and a capacity for managing processes.
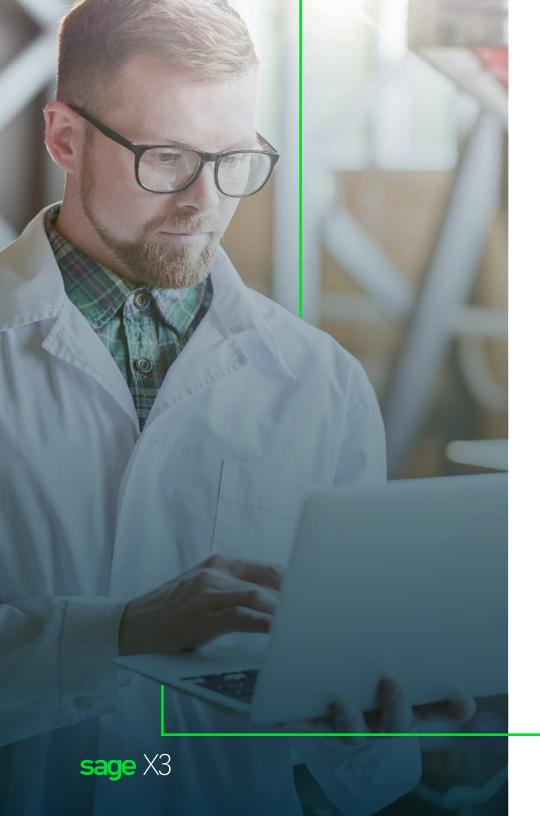
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To really make the implementation go smoothly, there needs to be buy-in from the CEO and other top executives—and all subject matter experts in the company must be involved and engaged in the process. Representatives from all areas have to be involved, including but not limited to sales, accounting, IT, manufacturing, distribution, quality assurance, and quality control.

According to Homolak, the implementation process will have a stated timeline. In the course of the implementation, your business will continue to operate as it has without operational disruption. If there are to be down times, your vendor should apprise you of these in advance to allow you to make scheduling and other adjustments.

The process itself roughly entails:

- Team kickoff
- Scoping and functional overview
- Setup and structure of the system gleaned from the scoping process
- Production of a Design Solution Description document
- Training (often using a "train the trainer" approach)
- Business process reviews
- Piloting the system and then using with less vendor help
- Dry run that demonstrates both your ability to work with the system and to identify last-minute issues
- Go live, at which point the vendor team is on-site to troubleshoot and answer end-user questions.

What should you expect from your vendor during implementation? According to Lewin, "hand holding." He said you want a good line of communication from the vendor to your entire team. "It's important because there's a lot of uncertainty and insecurity about how this is going to be accomplished. It's a daunting task for a lot of companies. But having an ERP vendor that really is great at communicating throughout the process with the entire team is really the key to success."

Given how quickly technology is evolving, along with consumer demands, it's important to take that first step into a system that will relieve many pain points and provide you with the ability to keep up with innovations like AI and IoT. A reliable business management system that reaches across your organization and can be integrated with supply chain partners ensures that anyone across the business can access up-to-date data on demand. This can enable you to make better decisions based on accurate, real-time data and grow your company. But the first step is ensuring that you're collaborating with a vendor who will in turn ensure that this transition will go smoothly, that your business will keep humming away throughout, and that you'll be rewarded with success at its conclusion.

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