

Software for the Big Picture

New enterprise resource planning functions can be central to your business success

BY DAN ALAIMO

Key Elements

Enterprise resource planning (ERP) solutions are crucial for coordinating office functions and connecting a business to its customers. Experts weigh in on key attributes:

- major changes in the produce industry have made ERP essential to survival
- better functionality may require substantial investment
- any system must be able to grow with your business
- ask ERP providers plenty of questions to get the best solution possible.

To learn more about each key element, look for the ○ symbols throughout the article.

"It is often said within the computing industry that it is better to implement poor software well, than to implement great software poorly."

Enterprise resource planning (ERP) software solutions are the central nervous systems that produce companies need to meet the challenges of today's business and regulatory environments.

While coordinating essential office processes and connecting with customers and vendors, ERP also provides supply chain data and visibility to comply with the Produce Traceability Initiative (PTI) and industry regulation. For those executives buying their first ERP, it could well be among the most important business decisions they make. For a company looking to change its ERP, the challenge can be enormous. "I often tell people, changing computer systems is the business equivalent of a heart and double-lung transplant," comments F. Charles Waud, president of WaudWare Incorporated in Brampton, ON.

EVOLVING ERPs

Produce industry ERPs have been getting more sophisticated. "For a vertically integrated operation that grows and ships its own product, a cost accounting system may be necessary to help track income and expenses for the farming operation part of the business," says Matthew Davidian, vice president of Datatech in Fresno, CA. "A produce broker is going to need a system designed to handle lot-based purchases and sales, and track sales and profitability on this basis."

Over the last decade or so ERP solutions have become more elaborate and easier to tailor to a company's particular business needs, notes Waud. Unfortunately, these specifications came with a downside: "they are more complex, and harder to manage," he says. "Further, it is increasingly difficult to find competent people to oversee these systems and get them running smoothly."

Dave Donat, president of Chicago-based Produce Pro Software, comments, "It used to be a commodities business where you just had to have good price and quality, and get your orders out on time—that's what your customers wanted." Now, Donat finds, customers want much more, including added value products, detailed information, promotional programs, rebates, and more. "All of these things make it more complicated to buy and sell produce," he says, and a company's software has to be able to handle this type of information and deliver it as a normal part of business.

○ Don Walborn, director of sales and marketing at ProWare Services in Plant City, FL,

finds there have been four key changes in ERP for produce firms in the last 10 years: (1) increased functionality; (2) integration of new technologies such as radio frequency identification, wireless communications, business intelligence, email, Internet connectivity, and scanning; (3) openness and exposure to other data sources like electronic data interchange and true field-level data collection; and (4) added flexibility. “We have better tools now to develop software, so it’s easier to change, test, and deploy more rapidly,” he explains.

In the 1990s when ERP systems were just becoming popular, a “best of breed” approach was taken by adding specialized subsystems for warehousing, forecasting, and business analytics. Since then, systems have become part of one larger ERP. “The advantages of fully integrated systems are a lower cost of acquisition and ownership, more streamlined business process, and connected data,” says Carl Davies, chief executive officer at Prophet North America in Bakersfield, CA. “This enables better decision support and analysis of business metrics.”

It also makes it easier for users. Tony Gagliano of Anthony Gagliano Company in Milwaukee, is a chief executive officer who wanted to be familiar with his company’s ERP and was highly satisfied with the results. “To be functional, software should not be complicated. The intrinsic value of something like this is in its simplicity,” he says.

“Our ERP is just about the be-all, end-all for our company,” says Ben Edman, information services manager at United Salad Company in Portland, OR. “With the exception of payroll and accounts payable, everything else is encompassed in our ERP—sales orders, routing, pricing, accounts receivable, inventory/warehouse management, historical and projected trends, to name a few.”

Having all departments “speaking the same language” allows United Salad an accurate look at overall workflow. “There is no concern about the right hand not knowing what the left hand is doing or having to import or export key data from one application to another,” Edman notes.

IN THE CLOUD

Among the more recent changes is “cloud” computing, where software and www.producebluebook.com

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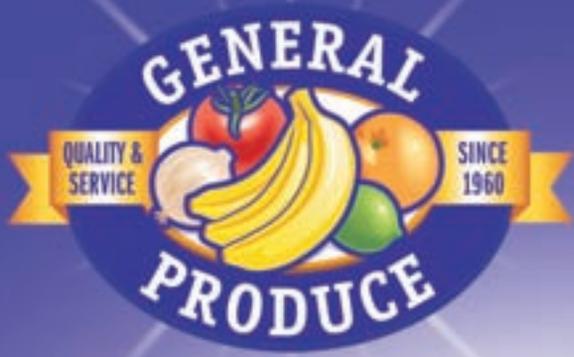
data exist in online servers and can be accessed via a desktop computer, laptop, tablet, or smartphone. “Now you don’t need in-house infrastructure,” says Charles Shafaé, president of dProduce Man Software, Half Moon Bay, CA. “Anytime you can get into the Internet, you’re at your system.”

Simplified Software, located in Salinas, CA, also offers a cloud option, notes owner Greg Mainis. “Our implementation is simple: we install the software remotely, configure the server and verify the workstations function correctly, train the end users, and support the installation.”

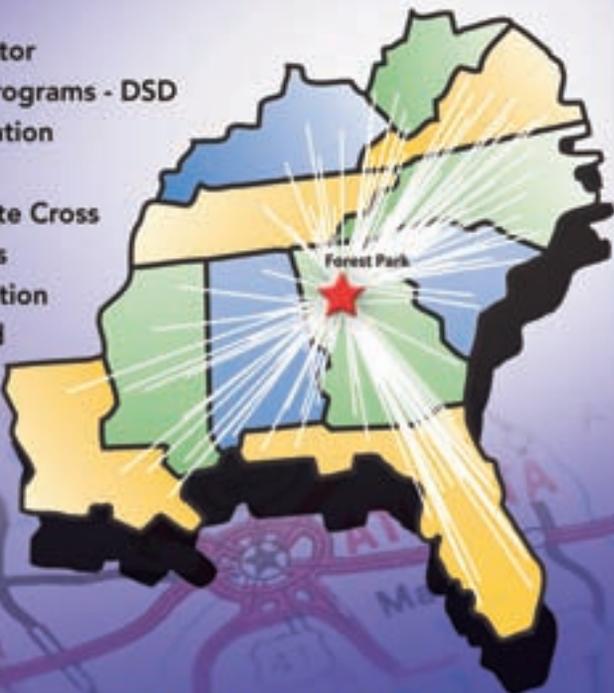
MEETING TODAY’S CHALLENGES

While advanced ERP systems have wide-ranging functionalities, a major impetus to investing in an upgrade is the expectation that it will help streamline the supply chain, but perhaps more importantly, meet the challenges of increased food safety, like PTI.

Richard Lipari, vice president at Royal 4 Systems, Inc. in Long Beach, CA, makes the distinction between those who implement an ERP system for the sake of the



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Enterprise Resource Planning (ERP) Handle With Care

An enterprise resource planning (ERP) system touches nearly every part of the organization, so implementation needs to be done carefully with thorough planning. “An ERP implementation is like remodeling your home—the more planning you do, the less headache afterward,” says Angela Nardone, chairman of N2N Global in Longwood, FL. “It’s about 75 percent planning and 25 percent actual physical work; if you reverse the ratio, you end up over budget and probably dissatisfied with the result.”

Planning means bringing all key stakeholders together to make decisions. A large installation may prompt the formation of a steering committee, but it will take far less time for a smaller company. “Installing an ERP system is a serious commitment to ensuring all departments are working together like a symphony. When installed, clients will see a massive reduction in

traceability challenge, and those who do it to advance their systems. "If you do it right, it shouldn't cost you a penny, because the efficiencies should more than equal your cost. It's an opportunity to modernize, and if you do it right, the modernization will pay the cost of your compliance."

Another use for the traceability functions is to minimize customer chargebacks, Lipari notes. "It's gotten to the point with some of the chains that chargebacks have become a profit center." For example, he cited instances where produce companies were charged back \$1 per case, claiming product was a different color grade than ordered. But new systems track orders for color when they are inspected, shipped, and signed for, he says.

Most produce companies confirm the value of ERPs in traceability. Albert Streef, president of Princeton, ON-based Streef Produce Ltd., says, "You need to have some type of system that allows you to identify your products as they come out of the field, and what happens to them as they are transformed into consumer packages and shipped out."

Jeff Walker of TC Marketing, Inc. in Napoleon, OH, says, "There are definitely many positives about having an integrated system that operates in real time with a common database, and a consistent look and feel within each module."

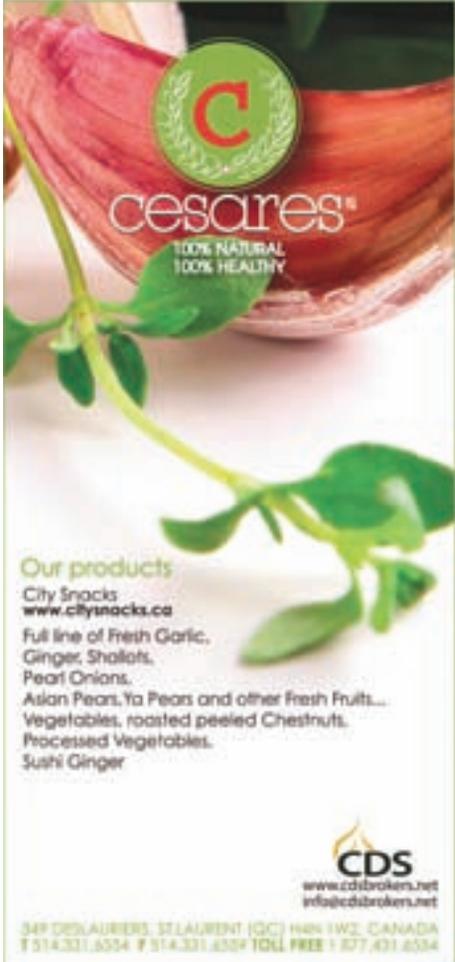
Edman puts it this way: "Without a tier one ERP solutions provider, you're fighting a losing battle."

NOT ALL CREATED EQUAL

Investing in an ERP system requires considerable thought and research. Angela Nardone, chairman of Longwood, FL-based N2N Global stresses, "This software is going to be the veins and arteries of your business. So making sure it can grow with your business is important."

Gary Wieczorek, CIO and recall coordinator for Buffalo, NY's James Desiderio, Inc. advises, "The produce business is very unique; choose your ERP software based on its flexibility to meet your needs." And these needs, of course, will vary from company to company and even within the departments of each firm.

Davidian also says to think about future requirements, "perhaps a wish list



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Implementation:

extraneous work and removal of redundant work between departments," Nardone says.

Matthew Davidian, vice president at Datatech in Fresno, CA, says to schedule a realistic timeframe for implementation and offers the following tips: make sure all users get adequate training and if possible, try to transfer information from the old system to the new one. It is also important to consider how long access to the previous system will be needed during the transition, and determine a cutoff date to switch over entirely to the new system.

It is also an excellent time to review business practices, says Carl Davies, chief executive officer of Prophet North America, Bakersfield, CA. "A system implementation is an opportunity to revisit the workflow of the business, and to introduce improved practices wherever possible."



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of features or items you may not need now, but will want to implement in the future." The next step is to develop "a list of software packages you want to evaluate. Be aware that a general purpose ERP solution may not be able to handle all of the requirements of a produce business," he points out, "and may require integrating other software, or paying for customization on top of the standard software costs." Davidian further recommends a demonstration, either in person or remotely, see the software in action.

Prophet's Davies says to ask plenty of questions, including:

- Does the available functionality fit the processes required by the the business?
- Can it be adapted to align with business changes to remain a good fit in the future?

- Is the software relatively simple to implement to reduce disruption?
- Who will install the software?

"It is often said within the computing industry that it is better to implement poor software well, than to implement great software poorly," Davies says. Those implementing the software must understand the produce industry to meet key business drivers. "They must have the appropriate experience and industry knowledge to be not only system functionality experts, but also business process consultants."

In evaluating an ERP, "the number one thing to consider is the ability of the provider to support the system," Waud comments. "Speak with their customers and get references. Don't get hung up on the initial costs, because the long-term cost of implementing the wrong solution will far outweigh the differences in the purchase price and implementation cost. And don't rush; put the system in over time, in manageable pieces."

THE LONG VIEW

Looking at the big picture in the produce business, experts conclude that ERP systems are an essential investment that must be selected with care. "There's so much more all these produce companies can do with their businesses than they even realize," says Donat. "If you've got timely, quick information at your fingertips, you can make better decisions and get better information to your customers, which is crucial."

Donat says ERP solutions should be considered as an investment and not a cost, as money spent will be earned back "in a very reasonable amount of time." Lipari concurs: "If you treat it right, it's not a cost, it's a benefit." 



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