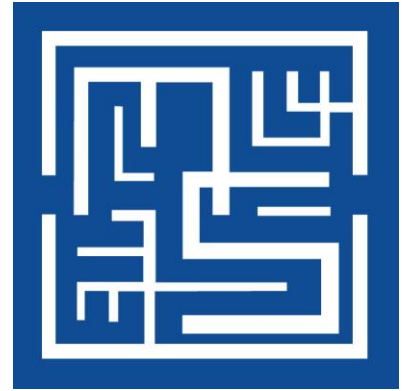# How big do I need to be to benefit?

Like with any tool or equipment you buy for your business, ERP business management software is only useful if you get a positive return on investment.

Typically, those returns for food specific traceability ERP come in the form of:

1. Time saved pulling information together from multiple disconnected systems

2. Time saved in reduced need for duplicate entry of information

3. Time saved in getting auditors in and out quickly because the required information is able to be pulled and provided faster

4. Sales gained from being able to achieve a GFSI certification or pass customer audits quickly because you have electronic traceability

5. Cash flow improved because you can trust your inventory in the system and can use MRP (materials requirements planning) reports to make better purchasing decisions, knowing what raw materials you'll need, when, to meet planned production and customer orders

6. Customer satisfaction improved because staff can provide stock information right when the order is placed. Plus, you'll be in a better position to satisfy any fill rate requirements due to better purchasing and production planning

7. Better costing on raw materials and manufactured products. By tracking purchasing and receiving of raw materials as well as their transformation into interim and finished goods in a system, you can expect to have more accurate finished goods costs available

8. More timely and in-depth management reports. By having the full flow of purchasing, receiving, manufacturing, storing and shipping of goods, along with customer orders, invoicing and accounting within one system, you can view profitability reports across items and customers.

9. An ability to scale your business because you have systems in place that can allow you to grow, often without adding more admin staff

10. With electronic traceability in place, you'll be ready to participate in supply chain traceability initiatives like blockchain or to easily use EDI with customers to send shipment information or invoices based on what was shipped.

The benefits sound good, but how do I ensure my company is ready?

We suggest you need a minimum of 5 users between your office, plant, warehouse and mobile workers. Most companies start ERP systems when they have between 6 and 15 users. Also, because ERP software includes accounting, you should have a dedicated bookkeeper on staff who understands accounting concepts.

Can I afford it?

Most of our potential customers have, to this point, thrown bodies at the challenges of information gathering and submitting. Essentially, they hired more staff to be able to track the required information. Or, they may have signed up for a number of disconnected online programs to manage small pieces of their business but are getting to the point where the disconnection is causing duplicate entry and time delays in pulling information together. In order to properly track lots, calculate costs, track inventory, and create shipping paperwork, it often requires quite smart people and let's face it, people are expensive. So, when comparing the cost of a software investment to hiring, be sure to look at how a tool might be able to help you scale the company producing and selling more without increasing existing people.

You can expect to use an ERP system for at least 10 years, so to look at a typical cost of a Minotaur program for that period, you can expect to pay about $1,000/month overall. The price is front loaded, meaning you'll pay a larger portion up front and will bear the cost of the initial implementation support and training. The good news is, you can lease software like you'd lease a piece of equipment so the up-front cost can be spread across three or more years.

What's the secret sauce?

- Don't skimp on training – if your staff don't know how to use the system, you won't get the benefits from buying it
- Chose a company that has experience in your industry – food manufacturing is different than widget manufacturing, your software and needs to accommodate and understand those differences
- Don't be afraid to customize a little bit – while you don't want to have to create a custom system from the ground up, because designing software requires that you know exactly what you want, there may be a few things that you want to do a certain way, either to get key employees on board with the transition or to give you a competitive advantage; those are the few things to consider customizing for
- Choose a supplier where you feel your people can work with their people – while this is software you are buying you will need the support from your supplier for many years

- Don't hand over selection control to others in the company because you think you don't know software. You may not know software, but you know your company and what you really need

Do I need a Consultant to help me choose a system?

There is a huge industry of ERP Selection Consultants. While some may offer valuable advice, the problem is that many are from Consulting firms where the people involved don't really understand your type of business, food manufacturing in general or how things work in a growing small business.

What many consultants do is complete a standard checklist they have and then they issue an RFP (request for proposals). They send the RFP to a variety of software companies and many weeks later they get back proposals and price estimates from those who are interested in bidding. The questions are often based on "best practices", which often means what larger companies may be doing. Many of the checklists are provided by a single software vendor so they are designed to ask if others if they have the features that are specific to the software the form was based on.

This could be a good process if you are a huge company where upper management is detached from the day to day operations and only the different departments know what their needs are.

I would suggest that if you are a smaller company this formal ERP process could be less helpful to your software selection. The reason being that many of the best practices won't really be used by your company at this stage of your business and because not all companies the RFP is sent to will respond or even be issued the RFP as part of the search.

If you are an owner or senior manager, you know the areas of your business where you are having challenges.

You need to ensure the software can tackle your current issues and while you hope it can tackle future issues, you don't really know what those future issues will be for your company. So, we recommend that you not delegate ERP system selection. It is too important a decision as it touches all aspects of your business.

If you want to prepare to evaluate systems, compile a list of all the things that people spend too much time on or where there is duplicate entry, a long wait time for information to be compiled, or where mistakes are being made in your company and look for a solution to those problems. By tackling it this way, you'll be asking the software vendors to show you how they would solve those issues.

If nothing else, you'll get multiple perspectives on solving your challenges.

The problem with checklists is interpreting the question. Let me illustrate with an example.

The last RFP I received in 2019 had a question asking if our software had "bar coding". That is an important question for those searching for systems. The Minotaur program both prints and reads code 128 barcodes for warehouse management and prints a variety of other barcodes with scanning abilities for the GTIN-12 (formerly called UPC codes) in our POS section of the program. The point is there are lots of types of barcodes, but if traceability is important to the project, then code 128 is the way to go.

However, our competitors who use GTIN-14 case codes (the standard box barcodes that don't include dates, weights, or lot and/or serial information) could also check yes to that question. However, doing inventory with GTIN-14 barcodes means you'll know the items you are picking but it won't be getting the lot information as a result of scanning. If your staff are having to key in information such as a lot number or use a second scan to get it, it could mean slower picking in the warehouse. I would hazard a guess that many Consultants don't even understand the different barcodes and their uses. So, with broad statements, that are open to interpretation, you could end up not comparing apples to apples.

Do the people at the software company really matter?

After all, you're buying a tool, right? We think they matter a lot! You need to understand who you'll be dealing with once you sign the deal. Are there layers of support, and you always start with a junior person? Do you need to submit a ticket or email for support or can you talk to someone over the phone?

While there are some people who prefer to email for support, we find that many of the users prefer to speak to someone on the phone, and have our staff connect to their computer so we can see what they see. The hours of support are not the only thing that matters, how the support is delivered matters too. So, take control of your buying process and make a decision that feels right for your business.

We hope this white paper has provided some valuable insights and suggestions for how and when to search for ERP software. If you are a growing small or mid-sized food manufacturing company, we hope you'll reach out to us at Minotaur. We only have senior experienced sales staff answering inquiries. We promise to value your time and look forward to helping you evaluate the Minotaur offering for your business.

| Compatible people and service approach | **+** | Functionality specific to your needs | **+** | The right team of yours to review options | **=** | A successful ERP Implementation! |