



Is my company too small for ERP?

When should you invest?

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 software 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 impedes their growth. It can cause 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 the tool might be able to help you scale your company producing and selling more without increasing your people cost.

You can expect to use an ERP system for at least 10 years, so to look at a typical cost of ownership for a Minotaur program for 10 users, 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 just 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 needs to accommodate and understand those differences.
- Don't be afraid to customize a little bit – you probably 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. But 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 still need support from your supplier for many years to come. Will the way they deliver their support (support tickets, phone, video) work for you?

- Don't hand over selection control to others inside or outside your company just because you think you don't know software or technology. You may not know software, but you know your company and what you really need and what can work with the people you have.

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

There is a huge industry of ERP Selection Consultants. While some can offer valuable advice, many are from large Consulting firms where the people involved don't really understand your type of business, food manufacturing in general or have ever worked in a small growing company.

What many consultants do is complete a standard checklist they have and then they create 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 included are often "based on best practices", which many times means the way larger companies are doing things. Many of the checklists are provided by a particular software vendor, so they are designed to ask the other vendors if they have specific features, rather than sharing the issues or business challenges the company is attempting to solve.

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

For most of our clients however, this formal ERP process is less helpful to their software selection. The reason is because 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 to begin with. Consultants often have their favorite suppliers and work to ensure those are the companies that get issued the RFP, and who submit bids and are recommended.

If you are an owner or senior manager, you know the areas of your business where you are having challenges. Most software you look at will have more features than you'll ever use, so we suggest you focus your questions on solving your current challenges. While you hope the solution you'll pick can tackle future issues, you don't really know what those future issues will be for your company. We also recommend that you not delegate ERP system selection to a staff member or a new person you hire. 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 your 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. Then, 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 you could solve your current issues, would that allow you to grow? If nothing else, you'll get multiple perspectives on how to solve your challenges.

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

The last RFP I received 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 your customers might want, including GTIN-14 case codes and Serialized skid barcodes. The point is there are lots of types of barcodes, but if traceability is important to your project, then code 128 is the way to go. Those barcodes encode the item, lot number, and often other info into one scan.

Our competitors who only 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 have, but you won’t be getting the lot information with that scan. If your staff will need to key in information into a scanner such as a lot number or use a second scan to get it, it could slow down your picking in the warehouse. Many Consultants we’ve met don’t even understand the different barcodes or their uses to know what questions are important to ask about bar coding. So, with broad statements, that are open to interpretation, you could end up not comparing apples to apples at all.

Do the people at the software company really matter?

After all, you’re buying the software tool, right? We think the people and method of delivering support matter a lot when choosing software! You need to understand who your staff will be dealing with once you sign the deal. Are there layers or levels of support, and will your staff always have to 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 or communicate electronically only for support, we find that many of our users prefer to speak to someone on the phone, and have our staff immediately connect remotely to their computer so we can see what you see. How the support is delivered can matter once implemented to save staff hours or days going back and forth with online tech support. So, take control of your buying process, understand who and how you’ll be supported and make a decision that feels right for your business.

We hope this white paper has provided some valuable insights and suggestions for when and how to search for an ERP software vendor.

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 options for your business. Minotaur can make your growth easier.

Compatible people
and service
approach

+

Functionality
specific to your
needs

+

The right team of
yours to review
options

=

A successful ERP
Implementation!