

# Four strategic goals that an ERP system can help businesses achieve

The food business has never been an easy one to navigate, with manufacturers constantly having to cope with changing trends, consumer habits and retailer requirements. Nevertheless, the current situation is particularly challenging as rising raw materials place even greater pressure on profit margins.

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Today, manufacturers need to hold their ground in a global market where increasingly complex supply chains go hand in hand with the growing demands of retailers on supply capability and quality. At the same time, as the industry continues to change and develop at pace, food companies need to open up new sales channels alongside their existing ones while still ensuring compliance with stringent legal requirements.

The many advances in digitalisation in recent years can help manufacturers navigate this new environment and maximise opportunities. The good news is that the great variety of ways in which digitalisation can be implemented or advanced using Enterprise Resource Planning (ERP) is matched by the additional value it creates for businesses.

**Effective communication between existing systems, equipment and machines is essential.**



As with the introduction of any new system or process, the secret of success is to set the right priorities.

Key to achieving this is to establish a process that addresses four important goals:

- Promoting further growth through digital technologies.
- Enhancing competitiveness through smarter processes.
- Mobilising data for faster decision-making.
- Improving resilience and the ability to react.

## Boost growth

Today's consumers are playing an increasingly significant role in the food sector, as a combination of more discerning tastes and the power of social media has seen them become major players who determine new standards and rules of play. This is where digitalisation is able to support any potential growth opportunities arising from this.

For example, it can help companies develop and adapt their product ranges to meet the latest consumer trends, such as organic and plant-based products.

In addition, the coronavirus pandemic has fast-tracked the shift towards e-food by several years, making investments in online stores a priority. Direct selling is no longer only for the big players in the industry but is now equally relevant for many SMEs.



**An Enterprise Resource Planning system can create additional value.**

Selling directly via a company's own digital channels offers a great opportunity for additional turnover and organic growth beyond the traditional listing in a food retailer.

As has always been the case, businesses which are able to anticipate customer demands early and translate these into workable processes, products and services will always have the edge over their competition.

Crucial to this are flexible and scalable IT and production infrastructures that allow an effective integration and analysis of farm-to-fork data and enable fast adaptability to changes in demand.

## Build smarter processes

The strength of many food businesses naturally lies with their products. But even for market leaders, the finished product is not the whole story.

Achieving and maintaining success also involves mastering the processes that support the product.

For this reason, enhancing and accelerating these processes, supported by IT and improved efficiencies in data processing, are also critical to success.

This makes it all the more

important to find productive solutions, so a key objective must be effective communication between existing systems, equipment and machines.

The transfer of data from production systems to the ERP, for example, provides the necessary input for analysis and management tools. Alongside an ERP system working in conjunction with MES and CIM, industrial imaging also plays a major role in the automation of factories. Predictive maintenance and robotics are further ways to make processes smarter.

Such intelligent organisation of operations opens up new optimisation opportunities for businesses. This is becoming even more pertinent and critical as the food industry feels the pressures from rising costs, increased regulation, changing consumer behaviour and fierce competition.

## Make faster decisions

In food manufacturing, decisions often have to be made fast and frequently. The right data is critical to this, as is using the right metrics.

ERP is vital to fast and effective decision-making. It helps to

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accelerate processes and workflows, while providing quick access to information. Functions like smart production scheduling, reporting on defined KPIs, information from finance and controlling, and the optimisation of inventory management can all benefit.

Equally important, the automation and digitalisation of production operations can lead to a substantial reduction in manual work and deliver massive gains in internal processes.

Every digitised process supplies data from which decisions can be taken. Companies can now clearly determine the margins that products need to achieve, identify suppliers with the best product quality, or uncover 'blind spots' in traceability.

### Enhance resilience and the ability to react

The coronavirus pandemic brought into sharp focus the need for efficient management processes, flexibility and seamless supply chain processes.

Spikes in demand for certain products and changed consumer buying patterns meant solutions for more resilience and planning stability became a must.

Nevertheless, while the pandemic may have highlighted these issues, they were not exclusively caused by it; rather they are representative of the huge challenges already inherent in future markets.

ERP can play a key role in this growing need to be able to react quickly to changing circumstances. Stable and efficient processes and scalable and flexible IT environments

may already be general requirements to support business success, but they are equally essential to remaining adaptable to unexpected events and market fluctuations.

Intelligent sales planning helps to establish forecasts, taking into account available storage capacities and the shelf life of products.

Software-aided inventory optimisation facilitates the balancing

of low stocks and optimum supply capability.

In short, full digital support of the value chain from processing to distribution ensures maximum flexibility in production – and in this way improves resilience

### Strategic projects for the years to come

Digitalisation will remain central to the food factory of the future and companies' continuing success will be founded on the concept of permanent IT-aided optimisation. Identifying and embracing new technologies have the potential to further enhance this tried and tested strategy and to neutralise rising process costs through efficiency improvements and automation – even if cost pressures permit only small development steps.

To be wholly effective, companies should not adapt a technological mindset but instead consider exactly what it is they want to achieve, literally starting at the end of their value chain.

This will ensure any new technology or system is implemented where it can add real value – for example, through financial gains or benefits for customers. ■

### The intelligent organisation of operations opens up optimisation opportunities.

