



## Newsletter Vol. 89 - Introduction

Softengine News is dedicated to keeping you up to date with the latest information regarding SAP Business One systems, Softengine solutions and Best Business Practices.

### What's New?

#### Spotlight on our Customer: Easy Foods (Baked) – Another Softengine Success Story

#### **No More Paper. No More Headaches. SAP Business One and Softengine Resolve Persistent Inventory and Production Issues for Easy Foods Inc.**

#### ***Production Processes Run at Optimal Efficiency and Inventory Costs Stay under Control after Successful Enhanced ERP System Implementation.***

Easy Foods Inc. was launched with a mission to fill a void in the marketplace for authentic, premium Mexican food products. Today, the company manufactures fresh-baked tortilla products (tortillas, wraps and corn chips) to order for food retailers, distributors and cruise ship lines that operate throughout the Eastern U.S., the Caribbean and parts of South America. The company's broadline distributors include Sysco, US Foods, Performance Food Group (PFG) and Cheney Brothers.

Easy Foods maintains a state-of-the-art facility filled with top-flight production equipment, automatic rejection systems and its own R&D lab and test kitchen. The company also provides private label manufacturing, co-packing, customized branding and sales and marketing support to retail customers, including Goya Foods, the largest Hispanic-owned food company in the United States. In addition, Easy Foods offers its own proprietary brands: Tacomex - flour tortillas, corn tortillas, wraps and corn chips and Vedgee – a diverse line of flavored wraps.

### Challenge

#### **Sea of Paper Overwhelms Staff and Yields Widespread Inefficiencies. Inventory Tracking Issues, Production Overruns and Lack of Security Necessitate Change.**

As a manufacturer of premium Mexican foods with over 250 SKUs, Easy Foods incorporates a complex production process that requires production and warehouse facilities to stay in sync. Tangential concerns such as tracking lot numbers, monitoring expiration dates and generating product-specific labels demand tightly integrated and automated systems to do the job right.

In the early days of its operations, Easy Foods' management and staff struggled mightily to manage all of these business processes with just a basic accounting package and countless spreadsheets. Without an integrated ERP system, it was a monumental challenge to monitor production processes, stock levels and costs. As a result, inventory costs exceeded expectations and finished goods often passed their expiration dates.

"We were basically a pen-and-paper operation," said Juan Pablo Viejo (aka "JP"), the company's COO. "It took so much paper just to fulfill a single order. We used spreadsheets for nearly everything – receiving goods, programming the production schedule and listing all the raw materials needed to fulfill production for a specific order, just to name a few."

"It was an ongoing challenge for the warehouse and production managers to stay in sync with so many spreadsheets involved," added JP. "Human input error sometimes led to mistakes, which caused erroneous quantities of raw materials to be allocated to production orders. For example, a production order that calls for 10 cases of a certain raw material may have that quantity mistakenly entered as 100 cases, which would cause the warehouse to send 90 more cases than needed. All the input errors were costing us way too much time and money."

Trying to keep inventory counts up-to-date and accurate was problematic and time-consuming. Staff had to manually enter inventory data into the accounting program and that often led to discrepancies in inventory counts that took forever to find and then adjust. They also had no access to aging reports to track product expiration dates and they couldn't track lot numbers. If a recall had been initiated, staff would have been hard-pressed to trace all the raw materials back to the source. Furthermore, security was nearly nonexistent as there was no audit trail available to track any unauthorized edits to existing entries. Sweeping changes were clearly needed.

## Solution

### Order Restored – SAP Business One and Softengine Food One Extension Tackle Issues in Production, Inventory Control and Reporting.

"Our President, William Isaias and I knew it was time to upgrade to a powerful and flexible ERP system that could adapt and grow with our business," said JP. "At first, we had hired an outside company to build a custom ERP solution for us, but progress was so slow that we decided to look at other options. We evaluated a number of programs to see what would fit best and our analysis led us to SAP Business One. We liked the fact that it could seamlessly integrate with other third-party add-on products and that it could grow with our business over the long haul."

"We called SAP to get a recommendation for a Business Partner to implement the solution and they suggested we contact Softengine ([www.softengine.com](http://www.softengine.com)), an SAP Business One Gold Partner located near Los Angeles," added JP. "I wondered why they would recommend someone so far away until we discovered that Softengine had extensive experience implementing SAP Business One for customers in the food service industry and they had also designed their own food service application called Food One, which extended the core functionality of SAP Business One."

After initial conversations with Softengine, they sent out a project manager to learn about Easy Foods' unique business processes and to help design a solution. JP and his management team were delighted to learn of his extensive background with manufacturing companies, which enabled him more accurately assess how SAP Business One and Softengine's Food One extension could help them achieve their objectives.

As Easy Foods' project manager for the SAP Business One implementation, JP outlined a rather ambitious set of goals for the new system. Here are a few of the most notable:

**Rotations of Raw Materials and Finished Goods** – Having instant access to this information is critical for a FIFO business like Easy Foods that manufactures and sells products with a relatively short shelf-life. With expiration dates always a

concern, SAP Business One can deliver real-time data for raw materials quantities during every step of the production process as well as up-to-the-minute, accurate counts for finished goods. This helps prevent excess spoilage and waste, which drive up costs.

**Production Orders** – Each production order has an associated “recipe,” which involves multiple steps from receiving raw materials to producing finished goods. The ability to account for time, quantities used and any errors that may occur are essential in ascertaining how effectively and efficiently the production process is going on a daily basis. SAP Business One ensures that all of this information is always up to date at every stage of the production cycle. Easy Foods’ production personnel use mobile scanning devices to keep track of the time needed to complete each step in the production process.

**Traceability of Lot Numbers** – With SAP Business One, Easy Foods can keep track of Lot Numbers and Sell by Dates with each inventory-related transaction. The Food One extension enables staff to generate reports that show which Lot Numbers were sold to specific customers and to manage expiration dates, thus providing a complete audit trail in the event of a recall.

**Receiving Goods** – Softengine’s Warehouse Management System (WMSm) expedites the entire receiving process through the use of mobile scanning devices. The WMSm Receiving module allows warehouse personnel to pick received goods from a list of open purchase orders and then create a Goods Receipt by scanning the barcodes. Softengine customized a number of reports through use of the Crystal Reports platform in SAP Business One. These reports provide in-depth analysis of each step in the production process and deliver real-time information that helps Easy Foods’ management maximize efficiency and minimize costs during production. Below is a brief synopsis of a few key reports:

- **Freight Profitability Report** displays freight charges for each customer, compared to actual freight charges paid to freight companies for the same shipments. The data from this report shows whether Easy Foods is making a profit or losing money on freight and is also helpful in day-to-day managerial decision-making.
- **Production Run Costing Report** shows costs incurred during production such as labor, raw materials and energy, which helps management set the right sales prices for finished goods.
- **Labor Cost Per lbs. and Per Cases Produced** is a report that indicates labor hours used against pounds (lbs.) of finished products produced, and against number of cases produced. This data serves as a barometer of efficiency during production.
- **Inventory Turnover Report** reveals the turnover ratio for each product, including reorder point and last day of receipt. The ratio helps the production manager decide how much to manufacture and the purchasing manager how much raw material to purchase per order. The report has enabled Easy Foods to purchase smarter, produce more efficiently and reduce excess inventory. It also serves as an effective production and purchasing forecasting tool.

A significant portion of Easy Foods’ business is dedicated to offering and maintaining private labels for a number of its customers. To facilitate this process, Softengine devised a custom layout template in the Crystal Reports function in SAP Business One. Working in tandem with the Food One extension, the system recognizes each private label that’s been issued and displays only the information that is applicable to that particular label. A few of the data sets that the user can show or hide on a private label include expiration date, manifest date, batch number and the inclusion (or not) of the kosher symbol. When the user hits the Print button, the system knows exactly what to display on the label.

## Results

### **Costs are Down, Production Efficiency Is Up and Inventory Tracking Is Real-time and Accurate with SAP Business One and Softengine Extensions.**

With his wish list fulfilled, JP and his associates at Easy Foods now have instant access to all the data they need to optimize production, eliminate waste, reduce costs and keep all their data secure. “SAP Business One plus the Food One extension deliver numbers we can trust and that helps us make better decisions,” said JP. “It’s such a relief to know that mistakes that used to plague us are now minimal and that we no longer have to worry about security issues because the system makes unauthorized overrides a very difficult proposition. In fact, efficiency has improved to the point that our planning time has been cut in half.”

JP also likes the fact that the new system empowers Easy Foods with comprehensive and instant lot tracing capabilities. “This is a critical function for us that we didn’t have before,” added JP. “We can now trace every raw material back to a single vendor and in fact, we can perform a complete recall just by pressing one button. Before, we had to search through piles of paper to find this information, which was exasperating. Now we can find it in seconds!”

JP’s assessment of the Softengine team is consistent with virtually every other customer we have profiled in these SAP Business One success stories. “Softengine has helped us run a smarter operation,” claimed JP. “Their personnel are highly professional and they deliver on their promises. They were able to tailor the system to fit the unique needs of our business – especially all the customized reports that we requested. Their project manager was totally committed to the success of this implementation and we know that any time we need help, Softengine will respond right away with a solution. They are a great partner.”

For more information about SAP Business One and helping you to run your business at optimal efficiency, please contact Barry Lederman: 818.704.7000, [blederman@softengine.com](mailto:blederman@softengine.com).

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