

FRESH PRODUCE COMPANIES NOT ALONE IN THEIR IT CONCERNS

This month, Anglia Business Solutions outlines the key challenges and issues that arose at a recent breakfast meeting in London, aimed at getting to grips with the use of IT in the wider food market

IT IS easy to think that the issues facing fresh produce companies in their use of IT are specific to that industry.

In a breakfast meeting held in London on June 25, it became clear that the problem of maximising the use of information technology as a business aid is widespread across the food and drink sector in general.

During the discussions, delegates vented their frustrations by highlighting many of the challenges that they faced. They covered the following areas:

Islands of data

Many delegates highlighted the fact that diverse information silos existed within their organisations. These were caused by shortcomings in the functionality of their legacy systems. Some pointed to the fact that their core applications no longer met the needs of the business. To overcome the shortfall in the required functionality, people had resorted to the creation of supporting systems. In many cases, these consisted of complex spreadsheets containing vital planning and financial information.

The resulting islands of data created multiple issues that hindered the senior management in their quest for efficiencies. The most commonly quoted included the inability to access accurate and reliable costing information on contracts and product lines. This made it difficult to refine their business models to maximise returns in an environment where margins are now under constant pressure.

A further issue with this approach is the reliance on the head knowledge of individuals. In one case, a delegate expressed reluctance to introduce changes for fear of losing the co-operation of such people. There was general acceptance that islands of data were inhibitors in the ability of companies to compete in the current hostile economic environment.

Systems and people

One of the issues flagged up during the debate was the difficulty in attracting good people to work within the industry. The traditional image of the food production environment was that of long hours in difficult working conditions for

limited financial rewards.

This made the task of implementing sophisticated integrated systems that transformed the business more challenging. The dearth of top-quality personnel resources meant that, once identified, such people became difficult to backfill to enable them to focus on business solutions deployments.

However, the delegates acknowledged that, even with average systems, high-quality people could maximise their value if allowed the time to focus. The lesson was that good people could make average systems work, while less talented people could struggle with state-of-the-art solutions.

Customer forecasting

There was general agreement that the major retailers had a poor track record when it came to product forecasting. This meant that the suppliers had to second guess what the likely order would contain when it was eventually transmitted. They therefore had to plan accordingly.

This created difficulties, particularly in the case of fresh food with a limited shelf life. Inherently, this led to more waste in the supply chain as suppliers were forced to overstock and retailers to dump out-of-date, unsold product. There was a general consensus that if it were possible for the retailers to pass the responsibility for shelf management of fresh food onto the suppliers, they would embrace this business model.

Niche markets

While most of the UK's food is now supplied through supermarkets, there were substantial opportunities for niche products outside this channel. While these were hard to find, the effort was worthwhile as the margins were better than those yielded by the supermarkets.

Market consolidation

This trend continues throughout the



Delegates share views and experiences over breakfast

food production and supply business. A financial specialist working in that sector saw an increase in merger and acquisition activities in recent months. This represented an opportunity to acquire market share for reasonable outlays. However, the usual warning of caveat emptor applies.

Enterprise resource planning

The value of having a centralised data repository was stressed. The objective was to have a single version of the truth on which to rely. The advantages included tighter control of costs, improved customer service, reduced waste and improved profitability. They also included the ability to introduce standard operating practices across disparate locations. Various examples were discussed where such systems provided a significant competitive advantage in today's cut-throat market conditions.

In summary, this was a unique and very useful forum where delegates were free to express their concerns on what was happening within the broader food market. It showed that all sectors were living with margin pressures, coupled with increasing demands on quality and traceability compliance.

Subsequent feedback indicated that the debate enabled people with common issues to explore alternative solutions to meeting their business objectives. The general consensus was that the event was a beneficial use of their time. Further details of the attendees and a report on the breakfast meeting can be downloaded from http://www.angliabs.com/news_Briefing0709.aspx ○

MAKRO MAKES VIDEO CALL

MAKRO, THE cash and carry for independent businesses, has announced that it has integrated a new, high-quality video conferencing system at its head office in Eccles, as the company strives to increase its focus on its sustainability policy.

The new video conferencing system, from industry expert Telepresence Tandberg, will be implemented throughout Metro Cash & Carry International, the world leader in cash and carry wholesale and owner of Makro, and aims to significantly reduce Makro's carbon footprint, streamline communications, increase productivity and minimise travel costs.

Makro recently unveiled its multi-million pound customer investment programme, which includes store revamps; installation of new, specialist equipment in store; the creation of a new offer management department and a customer management department, including expansion of its customer consultants team; and more investment into targeting specific customer groups.

Hannes Floto, managing director of Makro, said: "The new high-tech system will help us ensure we communicate effectively to our colleagues within the Metro Group during this exciting period of change, as well as help the company to build closer relationships with its external suppliers and business partners, many of whom are based outside the UK.

"The implementation of this video conferencing system across our business operation is the first step toward achieving our sustainability policy." ○

OUTSOURCING REVOLUTION

SOLUTION PROVIDER

Outsourcery has launched a nationwide campaign to raise awareness about the revolution that is taking place in the way start-ups and small- to medium-sized enterprises (SMEs) interact with and pay for technology.

Outsourcery offers software solutions from firms such as Microsoft to SMEs on a per user, per month basis with no need for hardware or maintenance contracts. Outsourcery's software and services model offers maximum flexibility and cost control, from as little as £6 per month.

Outsourcery has an annual turnover of more than £60 million and more than 250 employees. ○