

CASE STUDY



Manufacturing

Microsoft Dynamics AX





Automation of information processes

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Pro

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Project scope and business needs

Snack food giant Grupo Pozuelo & Pro was formed in 1997 from a merger between the Café La Proveedora and Krakis companies. Now one of the top three snack food companies in Costa Rica, the group benefits from the portfolio of product lines and marketing and production experience from the two combined businesses. The fast-moving group also exports and sells its products across Central America, in the Caribbean, Europe and the US.

The sheer volume of brands marketed and countries that the group operates in were supported by two separate legacy systems for the centralised commercial, production and finance departments. In 2008, the group set out with a strategy to consolidate and enhance its systems. The scope of the project was sizeable and complex as it involved twelve departments with implementation carried out as a single phase. Commercially-sensitive information processes needed to be faster and more agile.

Supporting Cost Accounting, Human Resources, Procurement Office, Warehouse, Production, Sales, Marketing, Accounting and Financial Management, Internal Audit, Information and Technical Support, the chosen solution must be easy for end users to operate on a daily basis, improve the quality of organisation processes and management information.

For an insight into the elaborate nature of the project, the client shared the volume of processes and the business needs of many of the departments under the scope of work:

- **Cost accounting:** A tool needed to estimate costs or projections for new recipes and process changes, in order to compare options and enable decisions; capture plant information for better analysis of production costs; provide traceability by batch, raw material and finished product; cost control for batch production; and statistical process control;

- **Human Resources:** The team required a system which would link payroll and production; help manage the working day and its costs; handle various

types of payroll; and when closing the payroll sheet, automatically generate some pre-determined payments;

- **Production:** Having instant availability of costs involved for both raw and packaging materials to complete production orders easily was top of the list; and better knowledge of inventory availability would improve planning as well as ensure cost reductions;

- **Warehouse:** This vital area of Pozuelo & Pro had to have perfect control of maximum and minimum outputs; classification and availability of inventory items. A fully flexible system should have inventory control and deliver items to through production; easily create orders; have an immediate snapshot available of products for sale; manage discounts and billing reports for every period; export invoices and documents to other business areas; automate entries to warehouse; improve warehouse control and management processes; and finally maintain an up-to-date list of suppliers;



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Johny Prieto,
IT at the Pozuelo & Pro

- **Sales and exports:** Accessing sales history by customer or by product; availability of billing and export documents; live traceability of sales orders and reduced control process; and sales projections to improve production planning were all vital to this team;

- **Accounting:** A priority process was the elimination or reduction of discrepancies in inventories; simplifying the cost structure; inventory costing analysis; sales projections; vital information about laws which could affect business operations; and finally a series of checks and balances which would not allow a task to progress on if it had not completed previous steps; and

- **Finance:** The department’s responsibility was to generate financial statements within the first three days of every month; automate financial recording at billing, inventory, accounts receivable and payable, purchasing and production levels; and receive and interpret timely and reliable information from all business areas.

Solution

The company’s chose Microsoft IT partner, AlfaPeople and Microsoft Dynamics AX 4.0, to design a solution which would improve profitability through the creation of advanced and efficient processes. It must facilitate the internal decision-making processes



by creating the ability to analyse information in an agile and timely manner. It also needed to be flexible and adaptable enough to evolve its purpose over time, with a friendly interface and the ability to fully back up at any point.

On a practical, day-to-day level, the new infrastructure would allow the business to immediately realise the benefits, including improving processes, allowing better control of production, enabling rather than slowing down the daily running of the company, creating agile and simple automations of processes in the financial, production and inventory departments and producing a high quality of business information. Johny Prieto, TI at the Pozuelo & Pro said: “With AlfaPeople’s expertise, we have managed to develop a system that allows us to keep better track on our company. We have reduced costs and achieved more effective inventory management, among other benefits.”

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Luis Montecinos, technical support

During the testing and deployment phases of Microsoft Dynamics AX, ‘Process Leaders’ were identified and selected to become super users, ensuring that end-user training was a coordinated and straight-forward part of the implementation.

Benefits

Access to real-time information

The new system has enabled the inventory turnover of raw materials to be more accurate, something which is vital for a consumer goods manufacturer of Pozuelo & Pro’s size and scale. It enhanced the process of decision-making by allowing operational teams and general management to easily access and analyse information when they wanted to - and more quickly. Luis Montecinos, technical support at the company commented: “It was easy for everyone to use, improved organisational information and generated a better flow and management of information.”

Increased profitability

Profitability improved significantly as a result of the more efficient and effective business processes and information and return on investment that the efficiently introduced Microsoft Dynamics AX was able to generate. The project introduced better controls and the required range of reports was generated more accurately and quickly. In particular the output and communication between Production, Inventory and Accounting and Financial Management was greatly enhanced.

Enabling accurate operations and planning

Consolidating two previous systems into one and the automation of a large number of internal processes produced by individual departments, and those flowing between them, was key for AlfaPeople to deliver on. One clear example of this is in the management and inventory of the finished snack product. Batches must rotate quickly to prevent each product from losing its consistency and taste. Due to the company having more accurate inventories, margins of operational and financial error and waste have been significantly reduced.

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