

Requirements on the increase

DEFICIENT PRODUCTS AND/OR HIGH DISTRIBUTION COSTS ARE NOT ACCEPTABLE TODAY. THE USE OF IT SOLUTIONS IS ON THE INCREASE AS DESCRIBED BY **DIRK FRANKE**, GENERAL MANAGER OF TOOLBOX IN THE FOLLOWING INTERVIEW WITH BAKING+BISCUIT INTERNATIONAL

+ bbi: Mr. Franke, ERP, production control systems and picking-by-light are only a few of the IT business solutions available today. How are they employed by the European baking industry and in which sectors (fresh bread, frozen baked goods, dry baked goods)?

+ Franke: Today, there is no enterprise that can do business without IT system networks. Frankly speaking, it is very surprising that there are only a very few bakers that have their own IT network. This applies to all countries, all business sizes and structures. The more varied and complicated the operation, the lower, in most cases, is the use of IT solutions. Companies focusing on specialist products and the producers of frozen and dry baked goods often have a higher level of automation and therefore a higher use of IT systems. The manufacturers of fresh bread use computer assistance in their production, but the planning, control and distribution is often still done manually.

+ bbi: Are the decisions made on account of business size or the complexity of the business processes?

+ Franke: It would seem plausible that the size of the enterprise would be an important factor governing the level of IT applications. Surprisingly, it is not! I know comparably small companies that use almost any IT system solutions offered on the market and I know large industrial companies where the use of IT systems is limited to bookkeeping and order handling. The complexity of the processes is, for sure, another decisive factor that determines the demand for IT applications. In practice, however, it is a fact that only a very few companies and also system suppliers are willing to face these challenges. We, here at ToolBox often hear from the visitors at exhibitions "that we are not quite ready for such a system" even if it is a paperless product distribution system which has been installed several hundred times already.



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++ Dirk Franke
General Manager of ToolBox

+ bbi: How important is the vertical or horizontal integration of bakeries in larger business groups? Do you have to deal with the problem that the parent company will push its own IT systems or is it possible to go for a bakery specific solution?

+ Franke: Well, we frequently face these problems! The process that follows is always the same. The bakery manager or the production manager meets us at a technical fair and is enthusiastic about the possibilities that a supply chain management solution can offer. He has already, at the fair, complained to us that the IT department of the parent company does not understand his needs. They often try to handle all divisions

with one solution, irrespective of the product, whether it is bread, meat, catering, frozen pizza, supermarkets or restaurants. This is not reasonable in practice. If we are given the chance to introduce our solutions at a higher corporate management level, this will often result in new partnerships. It is no longer an agreement on certain interfaces as considered previously. Instead the systems are really linked inside the databases with each other. This is definitely the path for the future. But still, the corporate groups own IT departments are often the hurdles that have to be cleared. I will never forget an episode from Southern Europe. The second question from the corporate group was about the purchasing price, but they did not mean the product, they meant ToolBox.

+ bbi: What do companies from the food retail request from their suppliers in terms of IT solutions and their performance?

+ Franke: The requirements are constantly on the increase. Previously it was sufficient for the supplier to sign a declaration of conformity. Today everything is checked over and over again. The best example is the traceability of ingredients within the scope of IFS or BRC. This is of high significance in ►



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the case of product recalls and in practice hardly manageable without the consistent use of IT solutions. Added to that, some international supermarket chains demand fines if the shelves are not filled in time due to products being delivered too late, or in insufficient quantities or even not at all. How can you avoid these problems without IT systems in place when you have to supply thousands of customers? Today no enterprise is a Robinson Crusoe, the competitive pressure is high and it will rise further within the international industry.

+ bbi: As far as I am aware trade groups demand that the suppliers themselves maintain their product specifications in the trade's own IT systems. Such product information can sum up to 300-400 features and characteristics. Are the systems in the baking industry capable of providing and updating such information via a simple interface?

+ Franke: You are addressing a painful subject here. The trade chains are constantly increasing their requirements. There are only a very few systems that are designed to fulfill such tasks. However, the problem is not the requests from the trade but that the core problem is that such information is not centrally available from the supplier in the first place. We often encounter the situation that the recipes which are the main capital of the bakery are not even stored in a central system.

+ bbi: With cabTool you offer a system for workstation related production control which manages the raw material supply, provides relevant production information and transfers cost and quantity information to the storage and logistics software and the commercial controlling systems. Are these solutions also able to propose changes in the recipe or the process based on variations of the market price?

+ Franke: It might surprise you, but "no"! ToolBox does not offer commercial system solutions but rather supply chain management systems. In other words, you will rarely find a euro or dollar sign displayed in our solutions. We supply integrated solutions that communicate with the business management systems. We support the user in his decision as to whether it is reasonable to change raw materials or operational processes because we can simulate certain scenarios. This means we can show the effect of a certain change e.g. in terms of machine time and overall performance.

+ bbi: You are well positioned on the market with logistics solutions such as "pick-by-light" for example. Six months ago you entered into a cooperation with Cimcorp, a company that provides the next step, the automatic supply of ready packed crates and stacks at the expedition ramp. Which sectors will have the highest demand for such a solution or, to put it another way, would this solution be also attractive to large chain store suppliers or fast food chains?

+ Franke: Of course, the production volume of the respective company determines the demand for such systems. But we have to stop thinking in black and white terms. An industrial company will not always employ robots nor will a

medium-sized company always use pick-by-light. Here again, integrated systems are the future. We are seeing that some companies are having an increasing demand for more automation in their dispatch operations. In such companies no human will touch the product right from the weighing to the stacking of crates ready for dispatch. However, as soon as we consider the dispatch situation, hundreds of stacked crates are moved with far too much manpower. This will be a future area of application for robots, e.g. for sorting mass products or making depots available. But the individual bread items in a crate with mixed bread will still be placed by humans.

+ bbi: In your experience, how much time will be saved with a pick-by-light process compared to picking without computer assistance?

+ Franke: Our customers have already answered this question and I am pleased to pass it on to you. When using dispoTool pick-by-light, about 30% of time can be saved compared to a paper-supported distribution. Of course, there are extremes in both ways, but this average value has been confirmed for more than 550 installations in more than 25 countries.

+ bbi: Are there empirical values available on how the error rate can be reduced?

+ Franke: Depending on the original level of organization, the error rates can be typically reduced with dispoTool by a factor of 7-9. This can be achieved by using a clear, permanent and color-coded guidance system for the employees. Alarmingly, the real error rate in practice is often unknown. Drivers and customers always complain about missing products but would you also complain if you received too many products? There are some bakeries with a delivery reliability of below 80%, this is almost unbelievable!

+ bbi: Are there any limitations as to the use of pick-by-light systems in the baking industry?

+ Franke: Size, diversity and complexity are the governing factors. If only a few products are being made, the distribution process is fairly simple. Traditional frozen baked goods companies are not predestined pick-by-light customers. We serve these clients with dispoTool WMS.

+ bbi: Time savings translate into salary savings and added to that the error rate also sinks. Would the use of robots at the picking stations improve the situation even more and are such systems available and when would their use be recommended?

+ Franke: Definitely yes! However, robots cannot assume any type of picking activity. As already said, robots will handle more and more mono-product crates and stacks. Why should we burden humans with this stupid and heavy work? A robot can do it better, faster and more consistently and constantly. The fine distribution of products is left to humans. This is what makes mankind so unique and ToolBox will support this. +++



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