

POD PACK
ADVANCING PRODUCT QUALITY
AND CUSTOMER SERVICE IN
THE F&B INDUSTRY

Case Study



CHALLENGE

The manual processes in place since Pod Pack's founding could no longer support the manufacturer's growth.

SOLUTION

The DELMIAWORKS manufacturing ERP system provides Pod Pack the real-time insights and automated processes required to ensure quality and compliance, maximize productivity, and provide a superior customer experience.

Benefits

- Pod Pack has doubled the volume of its business without doubling head count.
- Financial closings have been reduced from 25 days to 3 days.
- Weekly reports on manufacturing production issues are leading to improved employee performance.
- Inventory reconciliation that previously took weeks has been replaced with hourly inventory updates.
- Recall and traceability reports are generated in minutes instead of taking 4 to 5 hours.

Pod Pack International was established in 1996 when its founders saw an emerging coffee trend in Europe—the use of single-serve espresso pods for food service industry—and recognized an upcoming need in the United States market. Since then, Pod Pack has been a leader in offering high-quality, single-serve products and creating profitable solutions for customers.

From its start in a 400-square-foot facility located in New Orleans LA, Pod Pack has expanded to operate in 45,000 square feet in Baton Rouge LA. Key to the company's success has been Pod Pack's focus on using expertise, forward thinking, and innovation to identify new single-serve solutions and the best customer service experience in the industry.

In 2017, the family-owned company brought on a private equity investor to support Pod Pack's goals for accelerating growth. At the time, the manufacturer relied on fully manual processes to manage its operations, but it soon became clear that this strategy would not scale to meet the company's future plans. A review of enterprise resource planning ERP solutions led Pod Pack to select the DELMIAWORKS (formerly IQMS) manufacturing ERP system in January 2018, and by Labor Day that year, the solution was up and running.

"We had a fabulous implementation consultant," recalled Marion Gray, Pod Pack CFO. "It really helped us creatively

address some issues particular to our business and and incorporate them into I DELMIAWORKS, so we could get some wonderful functionality. We've been incredibly pleased with the platform."

Ensuring Quality and Compliance

Because Pod Pack serves the food and beverage (F&B) industry, quality and regulatory compliance are top priorities. The manufacturer is Safe Quality Food (SQF) certified, kosher certified, and participates in regular U.S. Food and Drug Administration (FDA) reviews. Beyond following regulatory rules and opening up to audits from government agencies, Pod Pack also has to comply with requirements and audits from customers. Therefore, the company has always maintained a strict protocol for operators on the line as they are manufacturing products. These line operators have checklists, and they need to conduct inspections and tests whenever they start running a new product.

In the past, the quality-related procedures were all handled manually using Excel spreadsheets saved on a server. Now, Pod Pack has these procedures built into DELMIAWORKS as a quick inspection process that prompts operators on the inspections they need to run based on the products they are producing. Additionally, the manufacturer runs reports to see if quality checks are being run properly.

"By 9:00 a.m. the next morning, I can look at all the operators who ran a line yesterday based on the product they were running, all the required quick inspections, and what inspection they actually performed," Gray explains. "Now, I immediately know who's not completing the quality checks they are supposed to be performing."

The company tracks whenever a product has been put on hold due to a manufacturing defect or error. Pod Pack's quality and regulatory manager also uses the integrated customer relationship management (CRM) functionality to track any types of customer complaints, issues, or credits related to quality. Then, using DELMIAWORKS, weekly reports are sent to the entire organization, summarizing any issues that arose by type, cause and effect.

"With the weekly reports, a floor supervisor can sit down with an operator to say, 'Hey, you've made a mistake here, and this was exactly what it cost in terms of long-time productivity and margin'," Gray notes. "We used to compile this manually, but it was so far after the fact, it couldn't be effective. Now that we can get the information so fast, it's having a big impact on the way people operate on the manufacturing floor."

Additionally, to prepare for audits, Pod Pack runs at least one mock recall per quarter. With the previous

manual processes, it could take four to five hours to cross reference the data from different sources. Now, using the traceability functionality in DELMIAWORKS, running the recall report takes minutes.

"We've never had to do a recall, but if we ever had to, we would have the information at our fingertips conveniently," Gray explained. "And when we see the auditors come in, and we show them the tools we've got on traceability and lot control, it puts them all at ease."

Optimizing Inventory and Supply Chain Management

Traceability helps Pod Pack to manage inventory throughout its facility, as well. The manufacturer deals with a lot of consignment products where customers give Pod Pack their coffee and entrust the company to process it correctly. Using DELMIAWORKS, everything that comes in the door gets a label and barcode, which is tracked like a license plate throughout the facility. As a result, Pod Pack managers can tell a customer where anything is within the facility at any time.

"When we tracked inventory using Excel spreadsheets, it would take weeks to reconcile each and every month," Gray recalled. "Now we can tell you down to the last hour what's in our inventory, and watch all that inventory movement. It's just light years ahead of where we were before, and it is so much easier to manage what we do day in, day out."

The material requirements function within DELMIAWORKS also plays a central role in ensuring that Pod Pack has the right level of inventory. When a customer places an order, the manufacturer immediately loads a sales order. The purchasing department then confirms if one of the warehouses has the required materials or if the materials can be released from a supplier that builds and holds inventory for the company.

"Our general guarantee to customers is that we will turn around your product within two weeks of getting your coffee beans in house," Gray explains. "So, that we know that by the time the coffee hits the floor and the production schedule, all the materials will be there, and there are no surprises."

Because Pod Pack makes a number of stock products as well, the company relies on forecasting capabilities in DELMIAWORKS to facilitate inventory management. By reviewing the forecasts on stock products in inventory, managers can determine when they will need to create the next batch and put it on the shelf, as well as where there is a risk of running out of stock at one or more of its warehouses—insights that were not available before automating Pod Pack's inventory tracking. Strategically, the clear view of inventory means managers have better data to understand inventory turns and slow-moving items when they are trying to make decisions

about their product portfolio and how to work down existing inventory. At the same time, it helps them to determine any exposures by different types of raw materials.

The Pad Pack supply chain team also relies extensively on the shipment reporting in DELMIAWORKS. The manufacturer ships and bills daily, and the team not only knows what is available to ship today; they can look up everything that is going out this week, so that they don't miss anything.

"The inventory management capabilities really support the company growth," Gray observes. "We've almost doubled our volume over the course of the year. That would not have been possible without the real-time nature of our manufacturing ERP system."

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– Marion GRAY, CFO

Superior Customer Service

Pod Pack competes on its ability to deliver superior service, relying on data from the manufacturing ERP system at each phase of its interactions with customers. It starts with the bid where insights into inventory, production capacity, the price of materials, and other costs enable the sales team to bid on deals more aggressively and with more precision. Then, once a sale is made, the manufacturer uses the system to automatically generate an order confirmation and other documentation for the customer at each step of the project.

"I love using DELMIAWORKS as a finance and ops guy because we can bid more aggressively using accurate data, and we have pretty much doubled our volume without doubling our administrative head count," Gray says. "The customers like it because they're seeing immediate results, immediate order confirmations, and immediate sales orders. They're also getting invoices within 24 hours of the shipment leaving our dock."

Once a customer's products are set to go into the production, real-time production and process monitoring in DELMIAWORKS enable Pod Pack's customer service group to proactively advise the client of any delays in the manufacturing process.

“Our customers expect us to get orders to them on time, and the system allows us to see in real time if something’s going to slip a day or two because there was a manufacturing hiccup or a shipment delay because the carrier didn’t pick it up,” Gray explains. “We don’t have to wait for the customer to call and ask where it is.”

On the flip side if a customer calls and needs products within a guaranteed window and quickly, the customer service employees have direct access to Pod Pack’s production schedule and inventory. This enables them to give the customer guidance on whether Pod Pack might be able to help them improve their delivery time or their production turnaround.

Gray notes, “Our customer service reps don’t have to ask the production manager about what the schedule looks like or how the line is running because they’ve got access to all that information at their fingertips. So, they can respond to a customer’s questions immediately.”

Maximizing Production Capacity

In addition to enhancing customer service, real-time insights facilitate production scheduling and planning—ensuring that Pod Pack meets its deadlines for current product runs and identifying opportunities to add production runs.

“There are times when we’ll have a line that doesn’t have any custom production scheduled on it,” Gray observes. “It’s a wonderful opportunity for us to pull some make to stock demand forward and run some of our own stock product. The real-time insights from our ERP system, along with the work order and forecasting features, have allowed us to do all of that.”

Pod Pack also maximizes production capacity by using the uptime function in DELMIAWORKS to understand if the company is getting into the “danger zone,” and the capital expenditure team needs to start thinking about buying additional production equipment.

“We have a lot of different types of equipment, some is more reliable than others. So, our capital guys like to use DELMIAWORKS uptime data and actual production data to tell them what their historical uptime percentage,” Gray explains. “That helps them to figure out our real versus theoretical capacity, so they know when to pull the trigger and buy another piece of equipment.”

Pod Pack also uses the ERP system’s maintenance, repair and overhaul (MRO) module to ensure that it has enough replacement parts on hand for its existing machines. The manufacturer has 14 different production lines that rely heavily on equipment made in Italy, and receiving replacement parts from there can take up to two weeks. Using information from the MRO module,

the team can manage all of its maintenance parts, set minimum inventory levels, place orders to keep safety stocks available—and avoid looking on the shelf only to find an empty bin.

“We’ve grown, and two years ago, we moved into a new state-of-the-art Class A manufacturing facility that’s dramatically larger than our old one,” Gray says. “While we’ve added a little bit more manufacturing capacity, it’s not much. What we’re really seeing since implementing DELMIAWORKS is better utilization and better uptime on our existing equipment.”

Data-Driven Management

Notably, data from the manufacturing ERP system is used to help Pod Pack employees in their own work and in managing others. The company has made extensive use of DELMIAWORKS IQ alerts and custom reports, so employees have the information they need when they start their morning.

“The reports run at 6:00 am before we get to work. You don’t have to think about where to find them; they’re right there in your inbox, so you can look at them and then take action,” Gray explains. “Additionally, at any given point in time, I can hit a button in DELMIAWORKS, and I know up to the minute, for example, how many units have I shipped this month.”

Additionally, the ability to get real-time updates gives Pod Pack visibility into where the company is in meeting its monthly goals. In particular, reports in the last week of the month help the team to understand how hard they will need to work to close the remaining gap.

“In the past, we didn’t have the data to see if we were on target to hit our goal,” Gray says. “Now I have the real-time data in hand to go out and rally the team because they all know what my goal is for the month. We have gone from what was probably a 25-day close pre-DELMIAWORKS to a 3-day close.”

Beyond providing monthly guidance, real-time updates enable the management team to follow up with employees immediately rather than weeks later when it is difficult to remember exactly what happened. For

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instance, managers use the data to recognize operators for outstanding performance, turn performance issues into training opportunities, and recognize when teams need assistance overcoming roadblocks.

“Looking at real-time data three or four times a day allows me to get a snapshot of what’s going well, what’s not,” Gray notes. “If I see an operator’s having a particularly wonderful shift, I make sure that when I’m doing my afternoon lap through the plant, I can stop in and congratulate them on having such a good day. On the flipside, if we’ve got lines that are continually having issues, I’ll ask my maintenance team or my shift leads if they’ve been able to troubleshoot the problem just to make sure that we’re giving them to make sure we’re providing the support they need to keep the line running.”

Gray adds, “We’re focused on making sure that everyone at the organization is as thoroughly trained on DELMIAWORKS as we can because it’s a common language that we all speak around here. Everybody is in DELMIAWORKS all day long, every day.”

Planning for Growth

Even as Pod Pack relies on the manufacturing ERP system throughout its day-to-day operations, the company also is using data from DELMIAWORKS to make decisions about developing new products or tuning processes.

“We’ve got a lot of good, hard manufacturing data now that takes out the guesswork, particularly as we look at taking on new projects or of manufacturing new products for a customer,” Gray observes.

Looking ahead, Pod Pack and its private equity sponsor will start to look at potential acquisitions of other manufacturers, and they expect the company’s DELMIAWORKS implementation to provide a competitive advantage when going to the negotiating table.

“We’ve got the fully vetted, implemented system that we are ready to roll out to another site should we acquire or build one,” Gray explains. “It’s powerful to have that in your back pocket, and know that you’re ready to go, and you can get an immediate operating leverage.”

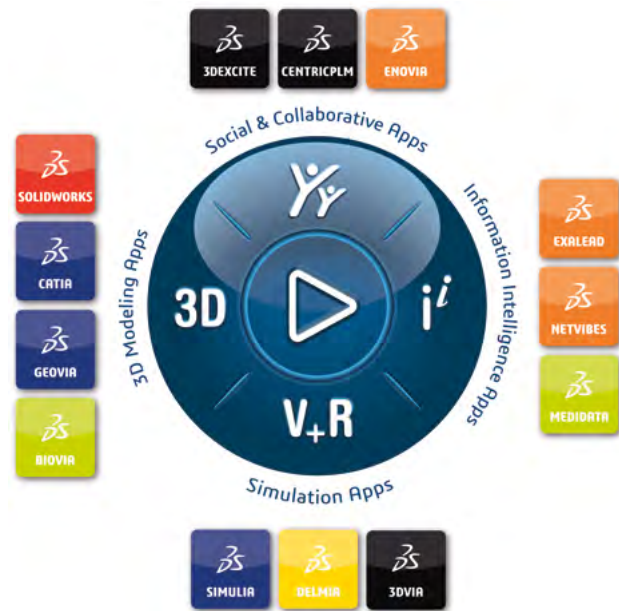
Gray adds, “We understand our manufacturing processes and costs so much better than we did it before we had DELMIAWORKS. We’re literally light years ahead of where we were two years ago.”

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