

From Company to Group Managing Complex Operations with ERP

General Fruit, leader in the production of semi-processed concentrates for beverages, is part of an ecosystem of companies owned by one family.

The software it uses to manage all this is JD Edwards: "A supercar with an expert driver"

Interview with Giuseppe Lochis, Chairman of General Fruit

by Dario Colombo, in Credaro (BG)

The first, enduring image that greets the visitor to General Fruit's headquarters are the flags that fly in front of the building. The headquarters of the company, a key player in the Food & Beverage industry, dominate the industrial zone of Credaro, in the province of Bergamo, approximately halfway between the city of Bergamo and Brescia and a stone's throw from Lake Iseo. A roll-up banner welcoming visitors at reception completes the look. It bears the slogan "Concentrati sulla qualità" ('Concentrating on quality'), a play on words that describes the company's business – the production of semi-processed liquid and powder concentrates – whilst also communicating the value at the heart of its corporate ethos: a rigorous focus on quality.

Sistemi&Impresa's tour of the General Fruit headquarters begins in the "Experience Room". The company uses this space to present its products to its customers (operators in the retail, café, catering, hotel and ice-cream businesses), offering

bartenders the opportunity to get hands on with the items on offer. For those not in the industry, it might help to explain that, unlike the 'classic' barman, bartenders adopt a more modern approach and make ample use of techniques that allow them to speed up the cocktail-making process. It's no coincidence that one of the things General Fruit invests in is packaging for products that make it easier for operators to use them, thereby resulting in faster service.

The morning of our visit is a quiet one, with the only visitors to the Experience Room being the occasional employee. The day before, however, was completely different. The headquarters played host to representatives of an Asian importer, with a view to putting the finishing touches to certain products to appeal to the tastes of that particular market. The Experience Room, which also serves as the company's Academy, is home to a wide range of products, from counter products to dispenser items typically found in hotels and bars. In addi-

GF HOLDING

Headquarters

Credaro (BG)

Turnover

€ 110 million

Business

Production and distribution of semi-processed liquid and powder concentrates for drinks

Staff

220 employees and 550 agents

Ownership

Family

GIUSEPPE LOCHIS



Giuseppe Lochis was born 53 years ago in Sarnico, in the province of Bergamo, to dad Renzo and mum Cecilia. He represents the fourth generation of entrepreneurs from his family to produce liqueurs, spirits and preparations for drinks. Having graduated with a degree in engineering, in his early 20s he began working in the family business with his father, whom he later succeeded at the helm together with his brother Mauro. He has been Chairman of the Board of Directors of General Fruit since 1990. Today, he is also Chairman of all the companies that belong to the parent company, GF Holding, and of GF Immobiliare. Married to Isabel, with whom he has three children, he spends

his free time with his family, and enjoys mountaineering and travelling.

tion to its own brands (Naturera, Naturera Polot 1882 and Happy Puppy), the company privately produces goods for various brands, including Del Monte.

The room's glass walls bear the following words: "Challenges are overcome through passion, dedication, sacrifice and team spirit, but also through the ability to transform a defeat into a stimulus that pushes us to keep improving". The quote is signed by **Giuseppe Lochis**, great-grandson of the founder (Giuseppe, known as "Polot", after whom the company's brand aimed at foreign markets is named, and whose portrait hangs in one of the meeting rooms of the main area of the headquarters as a lasting reminder of who started the business), who took the reins in 1985 as Manager, while his brother Mauro is Head of Production and Operations. Giuseppe himself tells us about the organisation, which is considerably more complex than you might expect for a company involved in the production of liquid concentrates.

A group of family-run companies

"Our history begins with my great-grandfather, "Polot", who produced wine and later liqueurs", Lochis explains. "In the 1960s he began to produce syrups to offset the drop in sales of liqueurs during the summer". The real turning point, however, came in 1984, when the production of spirits was dropped in order to focus on preparations for drinks (syrups, concentrated juices, etc.). Meanwhile, the company began to purchase and set up new businesses, resulting in the creation of a genuine industrial group (GF Holding), which today employs some 220 people, including 110 in production, as well as 550 agents. In addition to General Fruit, GF Holding, which generates annual turnover of €110 million, includes Granulati Italia (which produces concentrated powder preparations and was acquired in 2010); Natfood (the leading distributor in Italy in the café channel, with 43 thousand customers and a 45 thousand-strong fleet of professional machinery and equipment on loan for use); Sirea (a leader in the HoReCa segment); and the logistics firm F&B Service. The two commercial companies – Natfood and Sirea – absorb about 20% of the production of General Fruit and Granulati Italia: the first produces about 25% of its goods for third-party brands (Natfood and Sirea both fall into this category), compared with 50% for the second.

While Natfood is exclusively a distribution company, Sirea is focused more on production: "We produce toasted barley for coffee and liquorice. This activity is associated with distribution of the Del Monte brand, of which it is also a licensee, with around 200 product codes for which various aspects are defined, including those pertaining to marketing".

In addition to its distribution of Del Monte products, the group distributes the Dilmah brands with Natfood, whereas Granulati Italia produces the range for Gelatitalia, Boston and Yogorino. "Our turnover comes mainly from sales in Italy; foreign markets account for just 16%, or around €18 million", Lochis continues. "Outside of our own country, we are present with two branches in France and Spain". Indeed, he admits that the Spanish flag will soon be flying next to those of Italy, the EU and France at General Fruit's headquarters.

The Group is present in other countries, however: "There are 60 countries in total, but they represent low market shares.

The two exceptions to this are Cuba, where we have been present for over 20 years and generate sales of €3 million, and the Dominican Republic, another country in which there is huge demand for products for the tourism and hotel sector, which is currently worth €1 million to us". Nevertheless, the group has plans to expand further. General Fruit and Granulati Italia have launched a range of liquids and solubles for cafés to go with coffee and milk, giving rise to new mixtures also made possible thanks to the line of aromatic syrups for drinks.

"We plan to continue growing in 2018 to reach €125 million. At the moment, the data confirm this positive trend, as we are exceeding our forecasts", says Lochis.

ERP software to manage complex operations

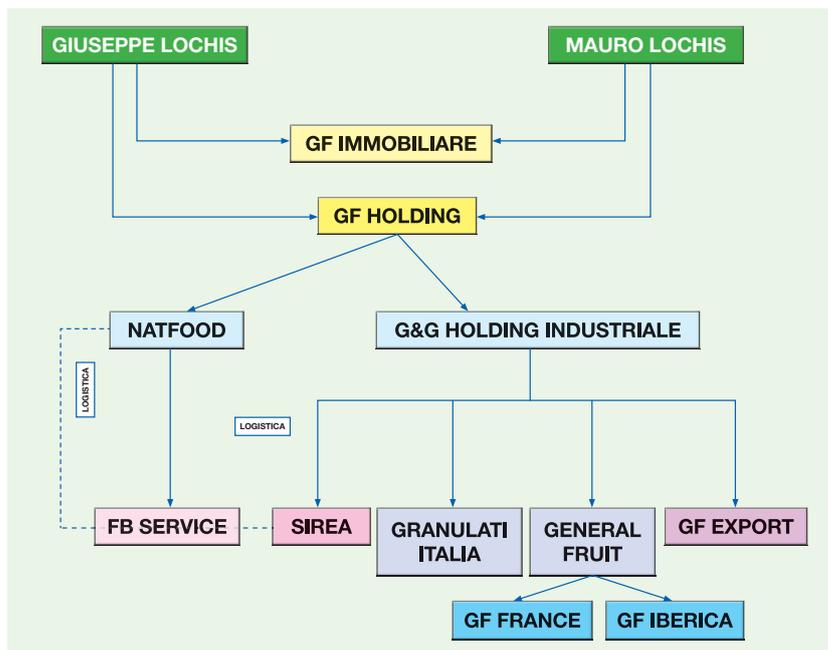
As previously mentioned, one of the 'secrets' of the companies that make up the group is their attention to quality: General Fruit and Granulati Italia have Research and Development divisions (for concentrates and for granulates), whereas Natfood and Sirea 'listen to' the market by carrying out market research, which, as Lochis explains, is never outsourced. "Our 550 agents receive new product requests from the market on a daily basis, which influence our choices". In addition to Gi-

useppe, these decisions are also made by his brother Mauro and the Nesta family for Granulati Italia, which is currently a minority shareholder in the company, after the Lochis brothers recently bought the majority of its shares.

So how is a new product created in practice? “We start by collaborating with three different types of professionals: barmen, chefs, and master ice cream makers/pastry chefs, who do an initial tasting and use the creations of the two R&D divisions. Based on the feedback received, the R&D personnel go back to the laboratory and perfect the product, which is then industrialised”. At this point, Mauro Lochis becomes involved for General Fruit, and Oscar Nesta for Granulati Italia: they are the ones who give the OK (or not) to the possibility of industrialising the product. The recipe is then inserted into the ‘system’ and enters the quality control process, aimed at checking whether the ingredients can be used and to what extent, in full compliance with the law, of course. The software the group uses to manage these and other processes, including the vast complexity of the organisation, is Oracle’s JD Edwards ERP system, which was implemented in General Fruit by Sinfo One.

“We purchased Oracle licences in 2011 and spent the first year ‘populating’ the system”, explains Lochis.

Sinfo One’s involvement dates back to 2015: “We wanted a cutting-edge partner capable of translating the enormous potential of JD Edwards into a reality, a platform that could do ‘practically’ everything”. In General Fruit, the ERP software has been implemented in the Finance, Sales, Purchase, Advanced Pricing (including the Sinfo One Q19 module specifically for the commercial management of large companies in the mass-retail channel), Manufacturing and Warehouse Management departments. Through Sinfo One, JD Edwards has also been connected to Business Intelligence software capable of supporting the management with strategic decision-making. “In the last two years we have focused on refining our organisational and administrative processes with a view to continual development through our information systems, which for us represent a stimulus, a driver and a constant opportunity for growth. In this respect, Sinfo One is a key actor in the forthcoming review of



The company structure of GF Holding

our Warehouse Management processes, which we intend to modernise whilst also extending the warehouse and considering the launch of Material Requirements Planning (MRP). The partnership with Sinfo One will also continue via important group projects, such as the consolidated financial statements and document archiving”, went on Lochis.

Staying one step ahead of the market with technology

In order to adapt the ERP software to meet the company’s requirements, “Sinfo One has worked on the various modules” in order to define the organisation’s needs and therefore “get the most out of JD Edwards”. Even Oracle itself has been paying attention, including General Fruit on its list of top 10 European SMEs for usage of JD Edwards. Is it therefore paradoxical that a company of General Fruit’s size uses this software? “Not at all, because our modus operandi is not to wait for the market, but to anticipate it”. A concrete example that illustrates this view concerns space management. “General Fruit covers a surface area of 12 thousand square metres, but we are extending by 9 thousand metres, because we are always looking to the future and right now we are preparing for the next 10 years”. It is precisely this forward-looking approach that has led the organisation to invest in technology: “We applied the same vision in our choice of ERP



General Fruit's laboratory where new products are studied and quality is verified

system, also bearing in mind the desire to expand abroad with new branches as well as by purchasing companies. JD Edwards is multilingual and incorporates the different rules used in the various countries. The ERP system plays a key role in the group's growth", says Lochis.

Nevertheless, there remains work to be done with the system integrator. To explain himself, Lochis borrows a metaphor from the car industry: "We've bought a supercar, but we're running it like a saloon; however, we are aware that we are being led by a good driver – Sinfo One – that is capable of moving us forward, and therefore we are happy with who is currently in the driving seat". Lochis also believes the group needs to "open itself up to the world", because it has to "see the potential advantages offered by technology", as in the case of ERP, which has imposed a change of "approach", which, translated, means "evolving". But how do you manage resistance to change? "It's all in the hands of the Management, which outlines the strategy and asks the operating departments to put it into practice". ERP is also an important step in the process of the company's digital transformation: General Fruit has for some time had automated lines thanks to significant investments made in the past. "The machines are not interfaced, but they could be", states Lochis, hinting that the organisation is already thinking about Industry 4.0. "What gives us our edge is having a small staff that can respond quickly to different challenges, managing day-to-day operations and implementation. The company is now concentrating on production, having set aside document digitisation."

Automated production: ready for Industry 4.0

To really get a sense of how General Fruit works, *Sistemi&Impresa* has been invited to visit the company's Credaro facility, a site that is BRC, IFS, ISO 3001, ISO 22000 and BIOAGRICERT certified for the production of organic, kosher and halal products, in accordance with religious standards. Having donned our overalls and hairnets, we enter the production site. The first area we visit is the warehouse for raw materials. The main item stored here is sugar, packed into silos. Then there are concentrated juices (in 250kg vats), because the loose fruit is processed in its country of origin and arrives from all over the world, in addition to another some 600 raw materials, including flavourings, natural colourants and other components. Next we move on to the mixing room, where the products are created. The activities are governed by the ERP system, which produces an itemised list containing all the specifications for the product composition: various ingredients are weighed before adding the water - via a computerised system - which comes directly from the network after being purified and sterilised using a UV lamp. The operator, we are told, documents the operations performed, keeping track of all actions: in reality, each recipe is already created to be managed via barcodes and automatic scales, but this is already part of the company's next step. The products are created in the various silos in the mixing zone. Workers write the contents of each receptacle in chalk and, once emptied, the large containers are washed and prepared for other recipes.

At this point, the concentrates are ready for bottling. Two operators are required to work the machinery: one at the start of the line and one at the end. They are both needed to programme the machines for the change in format and to check that everything is working. At the end, the products are stored in the warehouse, ready to be loaded into the containers. The tour ends with a visit to the laboratory. It is here that various tests are conducted and the new products are processed; after getting the go-ahead from the technicians - who monitor all the tanks - the concentrates embark upon their 'journey' to the world's breakfast tables.