

# Case Study

## QV Foods



### Industry

Processing and Distribution

### Number of employees

520 +

### Solution & services

- K3 SYSPRO Human Resource Management

### The challenge

- Processors are under pressure to meet volatile changes in demand
- Constantly improve quality while still keeping prices to a minimum
- Tight margins so cost control is essential
- Time consuming to update a number of systems and potential for data entry errors

### The benefits

- Single source of HR data and a seamless process for updating labour and cost information
- Time consuming administrative activities been eliminated
- Accurately captures all the work movements of both workers and hired members
- Operational management enhanced due to accurate cost analysis
- Rapidly and accurately allocate payroll overhead to each line within business, irrespective of workforce movement, on a daily basis



## Effectively managing the business basics



Companies within the UK food sector supply chain face massive challenges. Processors are under increasing pressure to produce more options, meet volatile change in demand, constantly improve quality while still keeping prices to a minimum. In such an environment effectively managing the workforce and keeping a tight rein on production costs is essential, especially the labour element that still tends to predominate in many food businesses.

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**“The production requirements on the different business units can change significantly on a daily basis and so managers have to constantly match demand with resources. This can mean moving people, even part way through a shift, between production lines within a unit.”**

Lincolnshire based QV Foods is one producer that is now in a far better position to achieve this necessary control, having significantly enhanced its HR and cost control capability, through the implementation of the integrated ‘Equator’ HR solution from NexSys.

QV Foods Ltd is a leading supplier of fresh prepared potatoes for the major retailers, major food manufacturers and food service companies. With a turnover of around £42 million per annum and a workforce of over 300, the company is no ‘small fry’ and is in fact the largest single site fresh potato packing operation in the UK. This enables the company to offer customers major advantages; from being a single port of call for all their fresh potato needs; any type of potato, any pack format, 52 weeks of the year, to economies of scale. In addition, to improve responsiveness it has established individual business units that each focus on a single customer.

However, the company’s size does not make it immune from the volatility of demand that is typical within the food industry, and so its business efficiency is highly dependant on both workforce flexibility, and with margins very tight, cost control. Any unnecessary cost incurrence can prove painful.

Tina Knowles, Group Management Accountant, explains, “In this environment not only do managers need to be able to establish who is working where and when, but any movements have to be tracked to ensure labour costs, which is a key indicator, are allocated accurately, and that managers understand what costs they are incurring.”

But, until a few years ago, this balancing act was often made extremely difficult due to the company’s HR systems. As Mike Porter, IT Manager, reports, “We previously used an independent T&A system that was loosely integrated to a payroll package. Job costing was undertaken manually using a spreadsheet, with data transferred manually from payroll.”

This combination of independent and manual HR packages meant that not only was essential data stored in a variety of systems, and hard to extract quickly, but updating it was time consuming, and prone to re-keying errors. The whole system struggled to keep an accurate track of people movement, especially between business units, as it relied on bits of paper being passed about. As a result, key staffing and cost data was often only available to the business managers on a weekly basis, and this sometimes presented managers with ‘nasty’ shocks. Recognising the need to get managers much closer to ‘real time’ staffing and cost information, the company turned to Equator HR suite from NexSys.

“After looking at the various products, we found that Equator was the only one at the time to not only offer fully integrated T&A, Payroll and Personnel modules, but could also provide Job Costing Functionality,” says Porter.



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With Equator, QV Foods has a single source of HR data and a seamless process for updating labour and cost information. Not only have time consuming administrative activities been eliminated, as data for all new workers only has to be entered once, but also the system now accurately captures all the work movements of both the workers who clock in and from hired gang members. Moreover, the system now enables the company to rapidly and accurately allocate payroll overhead to each line within each business, irrespective of workforce movement on a daily basis.

Data is collated within the T&A module, and the then automatically posted to the payroll module. Any exceptions, from people work on different shifts or mis-clockings, are then sorted by the business units first thing every morning and corrections are sent to the Accountants department. With the corrected data, the job-costing module is run. This

primarily calculates the exact payroll cost for each unit for the previous day's production, taking into account each worker's wage rate, break entitlement, any lateness, overtime, etc, and then produces a cost breakdown analysis report, detailing daily total costs for a unit and line and the labour cost per tonne.

At the end of the week another report compares cost analysis against payroll, and this helps filter out any minor discrepancies not picked up during the week.

As a result operational management at QV Foods has been significantly enhanced. She added, "The job costing data we now have enabled each unit to closely monitor cost against budget, especially the labour cost per tonne, which is a main KPI, and quickly act on any production issues which cause any variances. Essentially, the data ensures any production problems, which can quickly eliminate margins, do not stay hidden for any length of time."

**"Now, not only are we extremely confident that the real costs are being absorbed by the right unit, but managers now have access to the accurate cost analysis as close to real time as possible. Up to date reports are ready for use by the management team during each morning's production meeting."**

### About NexSys

NexSys is a SYSPRO elite partner, with 40+ years' experience of delivering Innovative ERP+ solutions to manufacturers and distributors throughout the UK. NexSys technologies grant organisations of all sizes maximum visibility over business-critical information, enabling decisions to be made based on accurate, reliable, real-time insight. The company provides solutions that enable agility, innovation, and competitive edge. As part of the global K3 group, NexSys has specialists that have remained loyal to the business for more than a decade. It provides project management, software development, consultancy, support and training to customers to help them realise maximum ROI.