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April 2010

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Rob Tiede, VP, Global
Flexibles and Packing
Services at Sonoco, and his
team can provide customers
with real-time data using an
integrated ERP system.

Integrate for Success



State of the Industry-Flexible Packaging

The cards are stacked in favor of flexible packaging, which is expected to experience positive growth during 2010. (p. 20)

BY CHRIS MC LOONE

Integrate for Success

Implementing an ERP system has helped Sonoco integrate its operations in 35 countries.

Sonoco is a company that employs more than 16,500 people with operations in 35 countries—doing business in 85 countries. The packaging solutions provider has invested in growing the consumer side of its business by moving into packaging platforms such as rigid paperboard and flexible and rigid plastics. Growing through acquisitions, the company boasts a variety of equipment that allows Rob Tiede, vice president of Global Flexibles and Packing Services, to state, “There isn’t a whole lot we are not capable of doing on the converting side.” What did pose a challenge to the \$3.6 billion company was tying all of its facilities together and simplifying data transfer between them.

From pine trees to films

One of Sonoco’s divisions is dedicated solely to flexible packaging, which is film-based. The company has come a long way since 1899 when it made paper out of southern pine trees to manufacture cone-shaped paper yarn carriers. “Over the years the company not only refined its paper-making process, but also developed converting operations downstream to build these cones, which today we call tubes and cores,” says Tiede. “We really grew that business over the years both through acquisition as well as startups, giving us a broad footprint across the country.” Today, Sonoco’s largest tube and core facility is in the 300,000 sq. ft. range, according to Tiede.

Sonoco offers rotogravure, flexographic, and digital printing capabilities, printing up to 11 colors. It can laminate and apply cold seal inline, does both single and tandem flexible extrusion lamination, adhesive lamination, solventless lamination, precision diecutting, laser scoring, and coatings.

Sonoco owns equipment manufactured by Rotomec, N.A. Cerrutti, Fischer & Krecke, and Windmoeller & Hoelscher, often



Rob Tiede, vice president Global Flexibles and Packing Services, views flexible packaging as the packaging platform of the future.

holding multiple pieces of equipment from each of these brands. The variety of suppliers is born from how the business came together through acquisitions. “It’d be one thing if you started from scratch,” Tiede explains. “You might approach it a little bit differently. As a result of the acquisitions, you get different pieces of equipment.”

The company focuses its flexible packaging business on various food segments. Tiede says, “Most of the large spend pools in the subcategorization of food is where we participate.” These include the bakery segment, confections, snack, and beverage. “Our focus is to play where there are high-impact graphics and high-performance laminations,” he adds. “That’s really where we focus our time and attention.”

Invest according to the market

Sonoco’s capital equipment investment strategy has been dictated by what Tiede categorizes as a shift from a more traditional homogenous market. “The North American market has historically been a very homogenous one,” he says. “What we and other com-

panies are realizing is that you can't sell a product the same way using the same messaging in vastly different markets such as California and Florida." In short, he says, the days of exceptionally long runs don't exist now. "Everyone is fixated on managing their costs and reducing inventory," he adds. "They recognize that there are cultural and language differences in some of the markets and, as a result, shorter runs are a better choice in targeting these specific markets." Time to market and the ability to give customers the answers they need quickly are paramount. Although Sonoco has bought three presses within the last three to four years, its key investments have been for information systems.

Enterprise integration

In November and December 2007, Sonoco performed an analysis of its own operations and reviewed four different ERP systems. "We focused on what we needed, which included what we need to assist our customers and respond to our customers' needs, and not necessarily what everybody wanted," says Tiede. "It was about serving our business, not having a system we had to serve." The company quickly narrowed its candidates to two and, in February 2008, chose the Radius Systems PECAS Vision Solutions for Packaging. "At the end of the day, we selected the system that we believe gives us the most flexibility, and the support organization was prepared to work with us," asserts Tiede.

ERP rollout

According to Tiede, Sonoco had a number of different systems running its business. The company recognized that it had to give its people the appropriate tools so they can make informed decisions in real time, and it also needed to ensure that it could communicate information in an appropriate fashion and in a timely manner to support the needs of its customers.

"We had a cross-functional group that identified the system we chose that owned the project," says Tiede. "And it was an operational team, not an IT team and owned the project. We put together a fairly aggressive implementation program, and we put together a group that was going to stay together during that whole implementation." Each member of the group had area-specific knowledge, like finance or operations. Plus, Sonoco engaged employees at the plant level. "As we went from one site to another site, we would take some plant people along to help implement at the next facility," states Tiede. "At the next facility, you would now have users teaching other users."

The system was fully implemented across all sites in November 2009.

Real-time information is key

From an improvement and efficiency standpoint, having

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—Rob Tiede, vice president, Global Flexibles and Packing Services

one ERP system, versus a number of systems, was a vast improvement over Sonoco's previous setup. "Simply putting together information for ourselves internally, as well as trying to put information together for our customers, would require our people drilling into a number of different systems," says Tiede.

He cites the following example as an illustration of how installing the new system resulted in efficiency improvements. "Not long ago, one of our vice presidents of sales called and said he was able to respond to a specific request with a customer on the phone that took a total of 3.5 minutes—he timed himself," laughs Tiede. "Previously it would have taken a couple of days to aggregate that data and would have required at least two people to go into the systems to pull the information out. So, from an efficiency standpoint, being able to respond in real time to our customers is critically important."

Flex pack application

Tiede is bullish about flexible packaging. He considers it the packaging format of the future, especially when you look at other regions of the world. "Asia, for example—consumers there have leapfrogged other packaging formats and moved directly into the flexible packaging format as the package of choice," he asserts. "Clearly we're seeing it in Europe. So, it will be a global phenomenon, and we will continue to see growth in this space."

However, Tiede recognizes how speed to market, due to shorter run demand, impacts the market. That's where the new ERP system will prove its mettle. "As I take a look at where the market overall is going, information and working with real-time demand data is critically important, so having a system that allows us to do that and connect our customers as well as our suppliers is important," he says.

"You have to have a system that is going to give you a snapshot, understand what the real demand is, and how we're going to respond to our supply side, as well as on the scheduling side in the businesses. Because inventories and run sizes continue to shrink, those that can respond and bring speed to market I believe will be the winners." ■

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