

## CRM: The Secret Ingredient

As with many a treasured recipes and favorite dish, Illes Seasonings & Flavors' name and genesis came from its founding family: current owner Rick Illes' grandfather, Dr. A.E. Illes, who in 1927 founded this highly respected manufacturer of distinctive seasonings and flavor products. Today, Illes products are behind some of the country's best-known tastes.

Illes has stayed close to its roots, passing through family hands throughout its 80 years in business. From its original storefront operation in Dallas, Illes has expanded into a 150,000-square-foot facility in Carrollton, a 35,000 square-foot facility in Dallas, and an R&D lab in Mount Pleasant, Texas. Illes' customers include food manufacturers, national restaurant chains, and beverage distributors, who use Illes products in their products or mixed with their food or beverage formulas.

While Illes may not be a household name for many consumers, it's a trusted partner for many well-known food and beverage manufacturers and national restaurant chains. Illes works closely with its customers to develop the flavors and seasonings their customers know and love, and it guards its secrets closely.

When current owner Rick Illes took control of the family business in 1989, growth had stagnated. Rick grabbed the reins and quickly focused on more active marketing; he also shifted emphasis from carrying many products for many smaller customers to high-volume products for fewer larger customers. This shift in business focus has resulted in increased growth and stability for the company and its employees.

**Managing Complexity** As a custom manufacturer, Illes' ability to respond to customer needs with timely delivery of custom products is its competitive edge. However, with growth comes complexity. As the sheer number and variety of raw materials, formulas, and products has grown under Rick Illes' management, enormous demands have been placed on all parts of the organization to maintain a clear eye on what is needed to deliver on customer expectations.

Illes' management knew that maintaining high levels of customer service, consistently delivering high-quality products, and ensuring responsiveness to customer demand — particularly during seasonal spikes — was critical to their success. Having outgrown their former materials management systems and spreadsheet-based sales processes, continuing on the profitable growth trajectory demanded investments of a new kind.

Illes embarked on an enterprise system overhaul, implementing enterprise resource planning (ERP) manufacturing and financial system Ross Enterprise from CDC Software in 2007 as its first steps. With its back office rejuvenated through these

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new systems, Illes' next phase was customer relationship management (CRM). Illes selected CDC Software's Pivotal CRM to fill this need, considering this innovative CRM solution a great fit, primarily due to its flexibility and ability to integrate with Ross Enterprise to further break down silos between Purchasing, Manufacturing, and Sales.

"Pivotal CRM had the power we needed," says Les Howell, IT Director. "I felt that it matched Siebel, which I've worked with before. It also had the small footprint we were looking for. And Pivotal CRM lets you customize very quickly — something you can't do with Salesforce.com or other packages."

Howell saw previews of the new Pivotal 6 technology and liked what he saw enough to get into the beta-testing program. "We like the Smart Client technology, and it's very easy to manipulate and design the forms the way you like them."

Today the complete Ross ERP/Pivotal CRM solution has bridged these functional areas, allowing pertinent information to flow freely between departments and empowering everyone to work more effectively in fulfilling their mandates, whether that means forecasting demand, ordering more materials, or committing to a rapid delivery date for a key client.

**Beyond Traditional CRM** With new ERP and financial systems in place, the IT department at Illes had high hopes for CRM as they turned their focus to the demand side of the business. Despite being the company's initial target for CRM, however, the sales department was not quite ready to move forward with a CRM implementation.

Les Howell knew that Illes' purchasing department had been struggling with the heavy demands of managing thousands of raw material orders and attempting to forecast materials demand to match sales activity. The company had never had tools to easily get information on raw materials usage to help in forecasting raw material needs. For a custom manufacturer that prides itself on customer responsiveness, not having firm control over materials was its Achilles heel.

Thinking about the problems of material management woke Howell one morning in 2008. Les' epiphany, simply put, was this: "A supplier is the opposite of a customer. You can track customers and their orders in Pivotal CRM; why not also track materials costs against sales and award materials contracts to vendors based on performance?"

This kind of insight is what draws many customers to Pivotal CRM. Its power and flexibility make it a great choice for companies like Illes with very specific business workflows and information requirements that simply aren't served by the majority of inflexible CRM solutions. Howell's epiphany kicked off the first phase of the Pivotal CRM implementation — rather than starting with a traditional sales implementation, Howell used Pivotal CRM as the basis for creating a robust and highly customized vendor management system that tied together Purchasing, Sales, Finance, and R&D with rich information access and flow. "Pivotal CRM is enormously flexible, which allowed us to customize it to meet our needs. If you look

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at Pivotal CRM today here at Illes, you'd see a lot of the standard Pivotal CRM, but you'd also see a lot of customization, which we were able to do very quickly to fit our needs.

Les modeled Illes' vendor management requirements and implemented Pivotal CRM himself within a couple of weeks. "We saved tons of money. The initial investment was training me: I took all the courses you could possibly take. The return on investment was that we didn't have to spend a single dollar in consultants' fees. We were able to just get the software out of the box, install it, accept the license keys, and go to town. Pivotal CRM has a very good training program, number one. And the training program proved itself, obviously, because we were able to install Pivotal CRM 6.0 on our own based solely on this training. This amounted to a savings cost of 1100 hours of consultants' time to install, implement, and configure the system."

As soon as Pivotal CRM was up and running, customer information, vendor contacts, and purchase orders were loaded in. Information captured in Pivotal CRM is "pushed down" both to the R&D department — which needs insight into new flavor orders — and the purchasing department, which manages all parts of the materials forecast and pricing.

Long-time Illes employee Linda Mullin, VP of Administration and Procurement, benefitted immediately from the new system and its flexibility: "As we began to use the system, I would simply think of something I had to do the long difficult way, then I'd go to Les and ask him how to make it easier, and he would implement a solution in Pivotal CRM. What we've ended up with in Pivotal CRM for purchasing is just wonderful. You can open Pivotal CRM, look at your most recent purchases, look at the history of all your purchases, see their on-time delivery, and more."

With a complete vendor management system built within Pivotal CRM, Illes now has true visibility into demand. Forecasts now drive raw material usage, which is essential for a custom house to operate effectively — to deliver quick turnaround, you need to make sure you have the raw materials in house. Sales forecasts in Pivotal CRM drive all the raw material usage, so Purchasing can drill down on a particular raw material and see what the upcoming need is going to be; information is updated instantly whenever there's a change. "Oh my goodness, I just can't begin to tell you how much Pivotal CRM has helped us in Purchasing and all the time saved by having all of this information so easily available," says Mullin.

Now, Sales simply forecasts product and material demand and Pivotal CRM automatically tallies how much of a given ingredient is going to be needed for all the finished goods. "With Pivotal CRM, we can easily see the big picture of how much it's going to cost the company on average for parsley, for example, per month and for the whole year, based on what the salespeople said they're going to sell," explains Mullin. "This gives us much better buying power when dealing with vendors."

With this kind of integration between Sales, Purchasing, and materials, Illes also saves hundreds of hours previously spent in painstaking data analysis. "Before, if

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we had a salesperson with a big national account selling ten different items, they might come to me, wanting to know the combined raw material usage of these items so we could go out and do contracts with our vendors,” says Mullin. “I’d have to pull all of those formulas individually, then link the matching raw material to get volumes. In Pivotal CRM, all I have to do is run a report on the selected products and the volumes are automatically calculated. In the past, that data analysis could have taken me up to a day to do; now, it’s done in a matter of minutes.”

“It’s just amazing how much time Pivotal CRM saves Purchasing,” say Mullin. “We’ve been able to get started on some other projects that we were never able to before because of all the day-to-day tasks, which are now done so much faster.”

Illes has also implemented a vendor scorecard within Pivotal CRM, tracking vendor performance so the company can work with its vendors, reviewing performance and finding areas for improvement. “It’s something we’ve talked about for years: the ability to partner with our vendors and customers and the need for a true ability to measure performance and give them accurate feedback,” says Mullin. “Having that ability — the forecast, the scorecard, the contracts, all of that right there in one place in Pivotal CRM — boy, I can’t think of anything that we’re missing right now.”

Vendors love what Illes is doing, too. “Our vendors love it because even though we know we’re never going to be 100% with a forecast, we have so much more to work with with our vendors,” says Mullin. “We’re able to monitor things closely and get back to the vendor that we’re either going to need more or less of a material. We’re working on keeping a 30-day supply in-house, but then also having our vendors keep a 30-day supply, so that if our usage increases, we’re able to turn it around quickly.” This kind of close monitoring of demand and supply means Illes can respond rapidly to changing market conditions — and customer demand.

Raw material pricing and supply aren’t the only major areas that are now well under control with Pivotal CRM. Illes also has a firm handle on shipping costs and delivery schedules, another costly and critical factor for business success.

Weekly feeds from a freight auditor are imported directly into Pivotal CRM, and Purchasing keeps a steady eye on freight activity in inbound and outbound tracking lanes at the warehouse. Purchasing uses a Pivotal CRM dashboard that shows the cost per pound on a monthly basis for freight. Mullin explains, “This enables us to monitor trends: Are freight costs going up or down? We can be much more proactive with what we’re purchasing, so we can purchase smarter. We can purchase truckloads or combine items to get full truckloads, so we’re getting better freight rates as well as product pricing. That really helps drive down costs.”

R&D also benefits from the new system. Employees can look in Pivotal CRM to determine when ingredients that may be required to create new flavors were last used in customer orders, helping them spot potential obsolete materials and source new ones. And the IT department itself tracks and manages all tasks and performance within the Pivotal CRM system.

**What does all this add up to at Illes?** “Pivotal CRM gives us solid visibility into

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our business and what we can do for our customers, better bargaining power for great prices on raw materials, and fully integrated forecasts and materials supply," says Mullin. "What does this mean? It means that with Pivotal CRM, we know what we've got, what we need, and what we'll need in the future. We can plan ahead and keep inventory to the right levels, and we can negotiate prices based on longer-term supply requirements, all of which is great for the bottom line and customer satisfaction."

**Enthusiasm Generates Growing Demand** Many companies struggle with user adoption for new systems, but not Illes. Purchasing has enthusiastically embraced Pivotal CRM, and their delight with the system and the proven value they're seeing from it has generated excitement across the company. "Everybody in our company wants Pivotal CRM now, because it's just wonderful to be able to go in one place and have everything right there. We brag and talk about it so much, everyone wants Pivotal CRM," says Mullin.

This enthusiasm has prompted Sales to move ahead with deploying the system, and the company is currently embarking on implementing full opportunity management within Pivotal CRM to take the next step toward achieving a 360-degree customer view. Confidence levels are high about seeing value in Sales.

"Managing sales in spreadsheets has created silos and prevented sales management from knowing exactly what the sales teams are doing," says Howell. "Managing this in Pivotal CRM, managers will be able to see what's going on and track the opportunities better."

"Once they get Pivotal CRM and see the benefit of having all their customers and their contacts in one place, I think they'll be like we were in Purchasing," says Mullin. "They'll start thinking, 'if only I had this in Pivotal CRM,' and once Les knows what they want, he'll be able to customize the system to do whatever they need." This process is already beginning, with the sales department expressing anticipation not just for Pivotal CRM, but for its mobile laptop CRM solutions as well — they can already see the value it will bring them not just in the office, but on the road.

"We have a laundry list of things that everybody here wants Pivotal CRM to do, and it's just a matter of time," says Howell.

With Pivotal CRM at the hub of this fast-moving cycle, Illes employees across the organization are empowered to fulfill their role in the creation, manufacture, and delivery of high-quality custom products. This puts the customer truly at the heart of the company, with Pivotal CRM as the "secret ingredient."

**Source URL (retrieved on 03/29/2015 - 2:49am):**

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