Integrating production and financial systems

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In the competitive swine industry it is extremely important to have a production system that communicates well with your financial management system. This communication is a two-way street. Expenses and revenue from your production system need to flow into your financial management system. Financial data is often used in conjunction with production data to provide meaningful reports.

An important step in making your systems communicate well is to choose platforms that are compatible. Having the greatest financial system in the world doesn't do much good if the data is inaccessible. In the same way, your production system's data needs to be in a format that is easy to obtain the information that is needed.

New Fashion Pork uses SQL Server for our data platform for both our financial systems as well as our internal production system, Pork Office. This enables us to share data between the two systems in a very meaningful way.
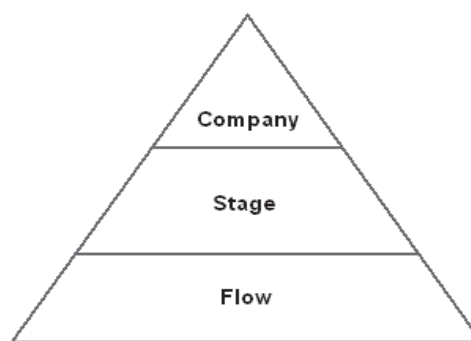
In addition to having accessible data, a second key element is to have data that is structured properly so that relationships can be made between the data. One example of this is how we structured our general ledger account numbers. The account number consists of four segments. Each segment can be tied to an element in Pork Office. In this way we can relate to the company, stage, and flow.

These relationships represent the hierarchy of the NFP business model, **Figure 1**. This model can be graphically displayed as a pyramid with company at the top.

Once these data relationships are in place, the foundation is there to do integration between your systems. This integration provides benefits in two ways. First of all, it allows for the development of reports that combine data from the two systems. These reports can be extremely beneficial to management because they provide multiple sources of information into one compact report. Secondly these relationships provide the ability to improve or eliminate dual data entry processes.

One example with NFP of the reporting advantages is the company's Profit & Loss statements. The P&L's combine information from Great Plains with data from Pork Office. These reports can be scheduled to run at night or by request through Pork Office. One of the versions allows users to drill down into the details to the individual financial transactions that make up a line item. This provides a

Figure 1: Hierarchy of the NFP business model.

quick way to look at the details if questions arise about a particular expense. Also, these reports can be generated to look at information based on the pyramid model, by flow, by stage (GDU, sow or G/F) or overall company level. In this example, the budget and production information comes from Pork Office while the financial information comes from Great Plains.

Another example is NFP's compliance reports. Great Plains is used for purchasing of health related products. Some of these items are inventory type products and others are simply services that we utilize. Our compliance reports pull this data from Great Plains into Pork Office for management utilization.

In regards to improving the data entry processes, Pork Office is working toward eliminating the dual entry associated with the two systems. Pork Office is the initial point of entry for several income and expense processes. Some examples of this are grower payments, transportation charges on the expense side and marketing revenue on the income side. We have begun to automate these processes to eliminate the dual data entry.

A good example of integration lies with the transportation charges. As pig movements are recorded into the system, Pork Office computes the miles between each of the stops on the load. These miles are added up and additional charges can also be supplied. When the trucker sends in their invoice, the charges are verified in Pork Office and approved by the transportation department.

Figure 2: Queue in Pork Office that can be used by accounting to view charges.

Once the charges have been approved they are available to export to Great Plains. There is a queue in Pork Office that is used by accounting to view these charges and they can be exported individually or as a group. **Figure 2.**

In summary, integration between production systems and financial systems can be very beneficial to a swine producing company. A lot of planning is required up front to make integration feasible. But the benefits that can be attained by accomplishing this are substantial and well worth the effort.