nexTec

Take control of food and beverage inventory management

Learn how you can predict demand, reduce waste, and improve business performance

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Introduction

Gaining control of inventory is a core issue facing companies in the food and beverage industry. Margins are slim, products are often fragile and perishable, and government safety regulations are increasingly strict. You face the challenges of global supply chains, transportation issues, and fluctuating consumer demand.

Your food and beverage inventory process are complex but controllable—with the right business management solutions.

Fortunately, technology offers solutions. Today there are powerful and proven ways to use software and new technologies to track, document, and analyze every aspect of inventory control. This e-book examines common inventory management challenges and outlines the solutions for each.

Gain visibility into your inventory systems

The challenge:

Guesses and estimates based on partial data result in waste and missed business opportunities, costing your company money.

Lack of data, and systems inadequate to analyze data, take a toll on your bottom line. Do your current business systems make it easy for you to:

- Ensure adequate stock levels — without tying up capital in stock?
- Make accurate sales projections?
- Track lots and shelf life?
- Monitor product sales, supplier outages, and currency variances, in a single version of the truth?
- Expedite customer orders?
- Rotate stock to reduce spoilage?

The right inventory control solution can decrease waste, reduce complexity, increase production capacity, and improve business performance.

The solutions:

Today's inventory control software can collect and analyze data, helping you make better business decisions about:

- Inventory turns and expiration monitoring
- Reduce waste and optimize shelf life of perishables
- Warehouse location management
- Reduce spoilage costs and cut risk of cross-contamination
- Sales forecasting
- Avoid overstocking

Industry experts can help you select the appropriate inventory control solutions to decrease waste, reduce complexity and recall exposure, improve forecasting, and significantly boost your business performance.

Reduce costly food waste

The challenge:

Food waste seems to be part of "the cost of doing business." Industry reports estimate that food companies could increase profits by as much as 10 percent—if they could get control of inventory[2].

Food waste is an extensive—and expensive—problem in the American food industry. The trade organization Food Waste Reduction Alliance reported these alarming numbers[2]:

- Each year, manufacturers waste 2.4 billion pounds of food and spend $59 million on disposal costs.
- Each year, retailers and wholesalers waste 1.7 billion pounds of food and spend $42 million on disposal costs.

Experts estimate that reducing waste would enable food companies to increase profits by as much as 10 percent.

[2]Food Waste Reduction Alliance, Analysis of U.S. Food Waste Among Food Manufacturers, Retailers, and Wholesalers, 2013

[3]Innova Market Insights' food & beverage Top 10 Trends list, 2014

Industry analysts at Innova Market Insights found that the reduction of food waste was the top food industry trend for 2014.[3] Experts predict that this concern will continue for many years. Industry efforts to reduce food waste are focusing on three key areas: overstocking, spoilage, and cross-contamination.

1. Overstocking

Nearly 60% of food and beverage executives admit that they can't accurately predict short-term and long-term demand for their products[1]. When demand is unknown, a company runs the risks of either understocking or overstocking. With understocking, you run the risk of lost profits. With overstocking, cash flow suffers, spoilage increases, and product quality may deteriorate.

2. Spoilage

While companies work hard to prevent spoilage, including focusing on more rapid production, many lack the necessary data required to analyze the spoilage program. Automatic tracking of products by lot and vendor can provide greater insight into food loss specifically occurs.

3. Cross-contamination

This is an issue that has gained great attention in recent years with more consumers reporting allergies or aversions to certain food ingredients and genetically modified foods. Cross-contamination, caused by foods being handled, packaged, and stored in proximity is a frequent cause of recalls and food waste. Proper tracking of products is the only way to mitigate this issue.

Tracking is also required to comply with Hazard Analysis Critical Control Point (HACCP) standards (designed to protect customers from products that have not been held at proper temperatures or have been damaged during transport). HACCP regulations, applied by the FDA, vary between different sectors of the food and beverage industry.

Sage X3 tracking:

- Makes it easier for you to reduce waste because of cross-contamination
- Lets you easily discover how to segregate ingredients in the warehouse and move them out before they spoil
- Enables you to have detailed traceability throughout the supply chain process helping you reduce recall exposure.

You can make better, more informed decisions by automatically tracking your lots and shelf life. Additionally, you'll attain greater insight into where food loss specifically occurs.

[1]ERP in Food and Beverage, The Aberdeen Group, 2013

The solutions:

Resource management and inventory tracking software, like Sage X3, provide the answers to costly food waste.

Products and lots are marked with bar codes and, increasingly, with RFID technology. Scanners and software enable you to track food and beverage products as they move through the supply system.

Many of these resource management systems incorporate reporting and business intelligence tools that enable companies to take into account a variety of factors including warehouse storage space, frequency of deliveries, vendor minimum orders, and product value.

They make it possible to keep carrying costs and discounts under control, while keeping customers satisfied. Improved planning also reduces production costs (avoiding low inventories and a rush to get orders filled).

The results include improved demand forecasting, reduced overstocking, as well as solutions to cross-contamination and spoilage.

Industry experts can help you evaluate available solutions to help you improve cash flow and reclaim profits currently consumed by waste and waste disposal costs.

The importance of traceability

Without dependable traceability, you can't find the problems—or implement the solutions.

The challenge:

Customers and regulators expect companies to be able to trace their products from farm through production to fork. Business disruption from a food safety recall is a very real possibility.

Traceability is the ability to track food items back to their original source, with information about every place they were, or were handled. It involves a vast amount of data such as delivery dates, delivery agent information, quantity, product codes, lot numbers for items, and the final disposition of the product. Data collected by hand and stored on paper or in a variety of unconnected software systems is difficult to access and analyze. It may also be dangerously inaccurate.

The solutions:

Robust business software incorporating data collection, scanning, reporting and business intelligence tools enables companies to meet expectations and minimize the cost of a safety recall.

Traceability also enables companies to effectively combat costly food waste by pinpointing the processes where waste occurs. Improving traceability is a key step in reducing waste and inefficiencies.

Automated systems allow companies to take full advantage of the new industry-wide standard for product identification, the Global Trade Item Number (GTIN). The GTIN, along with a lot number, will be used to identify food products in the event of a public health crisis involving foodborne illness, a product recall, or a terrorism threat related to the food supply.

Traceability: The Sage X3 Solution

Through an easy-to-use, accessible interface, Sage X3 provides:

- Expiration tracking
- Lot management
- Process information
- Detailed Lot & Sub-Lot Management and Traceability

Sage X3 provides complete backward and forward lot-traceability for each ingredients, making it easier to track issues and minimizing any impact on the bottom line.

Sage X3 captures and stores complex audit trails, making it easier to adhere to even the most complex regulatory environments.

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Achieve regulatory compliance

The challenge:

The Food Safety Modernization Act (FSMA) is in effect as of 2016. Food and beverage manufacturers must be able to show that they've taken the required steps to ensure that their products are safe.

The FSMA mandates safety provisions including hazard analysis and risk-based preventive controls. To comply, companies must invest in expanded testing, documentation, and audits. Those that fail to upgrade their practices to FSMA standard face possible recalls, enhanced inspections, costly penalties, and/or lawsuits.

The FMSA includes the new Foreign Supplier Verification Program (FSVP) rule. The FSVP requires greatly expanded record-keeping and stringent checks on the quality and safety of imported products. Manufacturers need to keep a current suppliers list for the FDA and must verify that they are conducting hazard analysis, among other checks. Traceability is a vital part of this component.

Your next inventory management solution should help you:

- Avoid increased overhead, even as you expand your compliance and transparency initiatives.
- Track your suppliers, lots, and processes in real time.
- Provide essential documentation to internal and regulatory requests on demand

Your next business management solution should help you:

- Avoid increased overhead, even as you expand your compliance and transparency initiatives
- Track your suppliers, lots, and processes
- Provide essential documentation to internal and regulatory requests on demand.

NexTec and Sage X3: Your inventory management solution

NexTec and Sage X3 work together to provide powerful business software solutions for the food and beverage industry. We help companies improve efficiency and control costs while keeping pace with regulatory and customer expectations.

Sage X3 and NexTec work together to ensure that your business software deployment:

- Meets your requirements.

- Addresses your unique concerns.

- Enhances your capabilities.

- Produces outstanding results.

Sage X3 software delivers powerful data and profound insight organization wide. With an easy-to-use interface, plus mobile device access, Sage X3 is the ideal way to provide your team with essential business information anytime, anywhere.

With NexTec's experts, deployment of your Sage X3 software is easy. NexTec provides consulting, implementation, training, and tailored support services. We work closely with your organization to deliver your Sage X3 software solution on time and on budget.

For additional information about traceability, new regulations in the food industry, or resolving resource management challenges, visit the NexTec Food Industry Resource Center at **http://www.nextecgroup.com/industries/food-erp**, or contact us at **info@nextecgroup.com** or at **844-466-8477**.

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