

How to address supply chain complexity in food & beverage



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Food and beverage companies have long struggled with the unique requirements of shelf life management, complexities of batch scheduling, traceability, and many other factors. In addition, uncertainties around tariffs, sustainability initiatives, and growing regulations are some of a multitude of dynamics that will surely add even more complexity to the mix. Many of these issues and trends can have a profound impact on your entire supply chain — from procurement to manufacturing to delivery.

Gain global visibility

We all tend to limit our focus to the variables within our control. However, it's time to rethink all supply chain processes because they are not as efficient as they need to be. About two years ago, we did a survey of the companies that were on the Infor Nexus multi-enterprise, global supply chain network. We found that about 46% of them said that, prior to implementing the network, it was taking them as long as three days to identify where a product was, and when it was going to be available. Very clearly the data is not available to help us make good decisions. On top of that, there are gaps for how manufacturers connect with customers, suppliers and carriers outside of the enterprise, whether it be multiple point-to-point connections via EDI (Electronic Data Interchange), portals, spreadsheets, or emails. The list is almost endless and very difficult to maintain.

To gain visibility, you need to be connected to your global trading partners in a meaningful way. With a multi-enterprise business network, you'll be able to remove silos not only inside your organization, but between your organization and the people it does business with. It enables the capturing and sharing of real-time data to improve efficiency and overall business responsiveness.

Predict and respond to volatility

How do you predict and respond to volatility? This can start with the fundamental area of efficiency and automation on the plant floor. How do you optimize your production schedule? How can you do a better job at dealing with the various bottlenecks, whether it's tanks in your operation, or various speeds within your filling lines?

Scheduling tools that consider all variables to optimize production is merely one part of the answer. When you also bring a solution for asset management into your business and integrate that with your scheduling solution, you get a better understanding of how to plan around maintenance windows, based on having better visibility of what the real equipment needs are. Production scheduling and asset management impact your supply chain and your ability to deliver, and they shouldn't be handled as separate silos.

When it comes to efficiency and automation, there's also the challenge of optimizing an enterprise's transportation and warehousing — and understanding the complexities of doing that as the channels to market evolve. Whether your company does its own e-commerce, or whether you're working with an e-commerce vendor to deliver products, some of the capabilities and requirements change. More and more companies are looking closer at all the tools out there to help them be more efficient.

Improving efficiency has been a driver in the food industry for decades, but one of the most volatile areas lately has been the focus on sustainability and transparency. What consumers are seeking constantly changes the marketplace's requirements. Originally it was fat-free or GM-free or similar. In the last few years, it's moved more into cleaner labels, because consumers want to easily understand what's on the ingredient statement. And now, this trend is expanding further.

Sustainability claims today can include the farm health, the sustainability of the raw materials you are using, energy use, minimizing the use of plastics and wasting less packaging. Infor has several customers focused on measuring and reporting on sustainability metrics. One of them is addressing the fundamental question of how to feed the growing world population in a sustainable way. Part of that means rolling out a global solution to help them embrace a more efficient supply chain.

Each company may have different objectives and needs and its own ways to attack the sustainability issue. For some companies, it means doing a better job at tracing and tracking back to raw materials. For others, it entails doing a better job at measuring its carbon footprint or managing wastewater. The challenge is for companies to determine exactly what it is they want to measure, what they want to be able to track, and in turn have the tools to be able to do so.

The last area of volatility is where we find the new unknowns. F&B companies are used to the planning challenges associated with seasonality, shelf life, and promotions. More recently, we have dealt with a heightened challenge associated with the unpredictability of regulations and tariffs, and even the availability of human capital. How do you meet market demands if you know you can't get more people to run your plants? To be able to look at all those variables efficiently within your business requires some pretty slick advanced planning tools. You can't simply make a best guess effort based on tools you already have in place.