Helping Fast-Growing Food and Beverage Manufacturers Replace Spreadsheets With Cloud ERP

ORACLE
NETSUITE

+

LIDD
SUPPLY CHAIN
CONSULTANTS

Helping Fast-Growing Food and Beverage Manufacturers Replace Spreadsheets With Cloud ERP

With 50 industrial and mechanical engineers on staff, LIDD takes a multipronged approach to helping fast-growing food and beverage manufacturers design their operations in a way that optimizes all aspects of NetSuite's cloud ERP system.

As consumer tastes continue to change and people look for more convenient, appetizing and/or healthier dining options, innovative food and beverage manufacturers are answering the call and developing new products that meet those needs.

From home meal delivery companies that drop boxes of ready-to-make food on their customers' doorsteps to organizations that develop protein-rich meat alternatives to makers of vegetable-based pasta, the opportunities are endless for companies that can deliver value while also satisfying consumers' taste buds.

The businesses that achieve this balance are posting impressive growth. As the third-largest contributor to the overall US manufacturing gross domestic product (GDP), the food and beverage industry is expanding at a 5.84% compound annual growth rate (CAGR).[1] In 2020, Canadian food and beverage manufacturing sales reached $122.9 billion and were on track to increase by 13.4% in 2021. The sector employs about 290,000 people and accounts for 17% of the nation's total manufacturing sales and 2% of its GDP.[2]

Some of the biggest challenges facing high-growth food and beverage manufacturers include compliance with regulations like the Food Safety Modernization Act (FSMA), managing operations in a disruptive supply environment, developing more sustainable packaging/production methods and adopting technology that helps them do more with less. This business guide explains how cloud Enterprise Resource Planning (ERP) supported by an experienced implementation partner can help food and beverage manufacturers tackle current issues and plan for the future.

---

[1] https://www.nist.gov/mep/manufacturing-infographics/food-and-beverage-manufacturing-industry
[2] Overview of the food and beverage processing industry

Table of Contents

A Hodgepodge of Spreadsheets

Managing a business on spreadsheets isn't efficient for any business, but it can be particularly challenging for fast-growing food and beverage manufacturers as they introduce new products and target new customer groups. As companies grow, ones that started with QuickBooks as an accounting program and spreadsheets for reporting start looking for more unified, robust technology platforms.

"Many food and beverage companies started out using a hodgepodge of Google and Excel spreadsheets plus QuickBooks," said Sean Butler, Partner at LIDD, a NetSuite Alliance Partner. "Then, they'll add limited-functionality applications or plug-ins on top of that, like an integration of QuickBooks and Fishbowl for inventory management, to try to fill an immediate need."

Over time, the hodgepodge becomes a liability for fast-growing food and beverage companies that wind up with limited functionality, poor reporting and too many manually intensive systems to work with. "Not only do these systems not work well together or integrate with one another," said Butler, "but they're also not scalable."

Food producers are also managing heightened business and food safety risk, the latter of which has taken on new importance in today's marketplace. For example, the Food Safety Modernization Act (FSMA), gives the Food and Drug Administration (FDA) broader authority over the regulation of growing, harvesting, processing and distributing food. In the absence of a unified ERP system for tracking and tracing, manufacturers can unwittingly expose themselves to undue risk like food safety issues, lack of supply chain traceability, etc.

Clipboards, Paper and More Spreadsheets

Many fast-growing food and beverage manufacturers use spreadsheets for warehouse, distribution and inventory management while others rely on standalone applications like SkuVault, Cin7 or Fishbowl for the latter. Few companies have systems in place to manage manufacturing or shop floor activities, most of which are handled manually using clipboards, paper and spreadsheets.

Having to create, distribute and maintain information across these manual systems not only creates more work for employees, but is also costly for food and beverage manufacturers that are in high-growth mode. When financial data isn't directly integrated with inventory data, for example, a company's balance sheet will never be fully accurate. "More importantly," said Butler," companies never really know—from a decision-making perspective— exactly what their raw materials or finished goods inventory is at any point in time."

A company that needs a certain amount of chickpea flour to make its gluten-free pasta shells, but has no idea how much flour is used for a specific work order, is left to guess whether the raw materials are in stock (or not). With current supply chain disruption and logistics challenges interrupting normal delivery schedules, the manufacturer may not be able to get the flour it needs to replenish its stock. This can impact production and lead to out of stock finished goods.

Excessive manual processes and disparate applications can also hinder forecasting and supply chain visibility, both of which have become table stakes in the current supply-constrained environment. "When Walmart says, 'We want $1 million worth of your pasta,' you may only be able to fulfill $50,000 of that order," Butler explained. "Suddenly, you have a huge problem in your business because you've upset one of your very large customers."

Here's the Answer

LIDD, supply chain consultants and a NetSuite Alliance Partner, started 12 years ago as a designer of manufacturing and distribution facilities. The consultancy's founding workforce was made up entirely of engineers who took the order, item, labor, inventory and other data generated by a company's ERP system and then used that data to build out quantitative models based on the SAS Institute's data science program. They then developed the architectural drawings, layouts and/or operating models for what its customers' facilities should look like.

Focused solely on consumer products, LIDD has been carefully and deliberately honing its service offering for food and beverage manufacturers since inception.

With more than 50 engineers on staff solving clients' most critical physical infrastructure problems, LIDD is well positioned to provide technology support for food and beverage companies that want to free themselves of their manual processes, spreadsheets and disparate applications. The company brings a wealth of subject matter expertise to every new implementation or optimization project.

"Our team members see the same problems that customers are having and are solving those issues day in and day out. They're also extremely familiar with all of the third-party tools that are available for different levels of complexity or scale."

Ben VanderBeek, Managing Director, LIDD

"We have engineers who have been working in the food manufacturing space for 10-20 years, and who can explain concepts holistically with the goal of ultimately matching them up with the best solution configuration and implementation," said VanderBeek. To accelerate implementation times for these like-minded companies, LIDD piggybacks off NetSuite's pre-built roles, dashboards, reports and modules to provide a good fit for its food and beverage manufacturing customers.

A Three-Pronged Approach

One plant-based meat company, looked to capitalize on the recent surge in demand for meat substitutes. The plant-based meat market in the US is valued at over $1 billion in 2020 and on track to reach $2.63 billion in annual sales by 2027.[3] The organization was experiencing massive growth and looking for a unified software platform to run its business. It handled some of its own manufacturing but also worked with a network of co-manufacturers and third-party logistics (3PL) partners to get its products to market.

The company had already implemented NetSuite, but wasn't using the ERP to its fullest potential. In fact, it was still highly reliant on Smartsheets, Google Sheets and emailed PDFs with handwritten notes on them. Tying together the mission-critical components of its supply chain was nearly impossible using those manual systems, so the company turned to LIDD for help optimizing NetSuite.

"When they came to us, they'd already implemented NetSuite but they weren't properly leveraging the ERP system across their network of third party providers," VanderBeek said. This was creating problems like inaccurate recording of various inventory movements (i.e. those involving the 3PLs, which weren't connected to the company's own inventory management system) and delays in recording those movements.

LIDD took a three-pronged approach to the issue that included helping the company develop job descriptions and hire/train new supply chain staff. It also developed and executed a process for capturing all inventory as it moved across facilities. LIDD optimized NetSuite by building integrations, scripts and customizations for both the company itself and its outside partners.

The customizations expanded on NetSuite's "email case capture" functionality by creating custom fields and saved searches that calculated the average delay between when an inventory transaction was created and when its partners emailed the documentation. It then presented metrics measuring the accuracy of the data and the speed at which it entered into the system at a monthly steering committee with the company's C-level executives.

With a ground up implementation process taking about three to six months, LIDD helped the food manufacturer address its inventory problems, get more out of its NetSuite investment and create an accountable supply chain that included both its 3PL and its co-manufacturing partners. In return, those manufacturers gained efficiency, cost savings and real-time visibility that weren't attainable using their previous manual systems.

---

[3] Global Plant Based Food Market Report 2020-2027: Rising Industry Concentration with Growth in Mergers and Acquisitions in the Plant-Based Products Space

For example, a company that tracks inventory on spreadsheets and then transfers PDFs among team members may "lose" PDFs that get buried in an employee's email inbox. With no global visibility into that inventory, nobody knows where the inventory is, if it got entered and whether the orders against it were shipped on time.

LIDD has also built out dashboards that help companies understand when inventory information is submitted and created a "vendor scorecard" showing whether that vendor complied with transmitting information on the required same- or next-day schedule.

With NetSuite's email case capture, the same company can create a case or ticket in the ERP system where staff can take action on it. The ticket is accessible to all team members and third parties that log into the system.

Managing Short Shelf Lives

Manufacturers whose products have short shelf lives must also constantly monitor expiration dates. The further out those expiration dates are, the less oversight manufacturers using manual systems tend to have over them, which can create major issues for food and beverage makers.

A few pallets of product unknowingly left in a 3PL's warehouse due to poor inventory management can eat away at a manufacturer's bottom line over time. "We've seen cases where manufacturers had to discard $500,000 worth of merchandise because they didn't realize it was sitting out there, aging," said Butler.

NetSuite provides visibility into different lot and serial numbers across the entire supply chain and helps companies track their warehoused goods whether they are onsite or at a partner's location. NetSuite's Lot Traceability SuiteSolution helps manufacturers trace assembly lot items or component lot items either back to the supplier or out to the customer.

These are just some of the wins that high-growth food and beverage manufacturers get when they work with LIDD to implement NetSuite. With their processes now built around a reliable, centralized data source, growing manufacturers can harness new opportunities without worrying about whether their operations can scale up to meet the new demand.

ORACLE
NETSUITE

www.netsuite.com

Infonetsuite_WW@oracle.com

877-638-7848