



EXECUTIVE BRIEF

# Achieving end-to-end supply chain collaboration and visibility

FOOD & BEVERAGE MANUFACTURING

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Food and beverage manufacturers face significant business challenges, with constantly changing material availability, seasonality constraints, volatile demand, and an increasingly complex supply chain. To be successful, companies must continually strive to balance supply and demand against these challenges by strategically using information as a fundamental tool for planning, coordinating, and monitoring both conditions and performance.

Effectively managing complex supply chain processes can be accomplished by utilizing strong, secure, functionally rich, and flexible information systems. Although these systems play a key role in supply chain success, they don't deliver benefits by themselves. They are simply enablers of the kind of information sharing and collaboration, planning and management, and measurement and improvement necessary to compete and grow. Ultimately, no company or supply chain can afford to have systems that lack either functionality or flexibility.

In this executive brief, we will discuss how organizations must have the right tools in place to plan, source, make, and deliver their product portfolio, ultimately achieving end-to-end supply chain agility.

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## Creating more accurate forecasts

Those involved in process manufacturing understand that supply chain success rests on the ability to create accurate forecasts. Forecasting needs to be as detailed and specific as possible—by location and by product—and must incorporate frequent updates to successfully capture any changes or deviations. With automated forecasting that uses mathematical projection models and algorithms, organizations can leverage multiple methods to achieve their ideal forecast.

However, to achieve truly collaborative forecasting, it's necessary to use a demand planning solution that helps consolidate information from different sources, allowing for quick and accurate responses to market changes, fluctuations in supply, or operational disruptions. This requires capabilities to predict demand more accurately by moving forecasting down the supply chain and closer to the end consumer.

Finally, it's crucial that the solution enables the sales team, product managers, and key customers to collaborate in the demand planning process. Collaboration is especially important on the demand side. Because downstream partners are closer to the ultimate consumer, they likely have deeper insight and more timely information about demand, competition, and market conditions that can translate into more accurate forecasts.

## Aligning supply with demand, including seasonal products

For virtually any production and distribution organization, service excellence and profitability depend on attaining the right balance between supply and demand. Promotions, seasonality, competitive activities, and numerous other variables significantly impact demand.

Furthermore, food and beverage supply chains cope with some additional requirements that aren't common outside of their industry. Many raw materials are agricultural—so quality, purity, and nutritional attributes may vary; and supplies may only be available from specific regions of the world at specific times of the year.

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While early sense-and-respond strategies emphasized logistics to compensate for market shifts, many other critical supply chain pieces were left untapped or sub-optimized. In order to ensure only the freshest products reach the consumer, forward-looking manufacturers are now pursuing a new supply chain strategy, one with a heightened level of synchronization between planning and execution.

Integrated business planning solutions allow for precise scheduling, stricter inventory management and delivery of fresher products to customers, decreased logistical expenses, and better visibility into planning, forecasting, and budgeting.

## Ensure regulatory compliance and quality standards

Most food and beverage products face intense competition, which means that marketing and distribution are critical elements of success, and quality is especially important to maintaining a good reputation in the marketplace as a producer—and for your product itself. Due to the limited shelf life of food and beverage goods—adding complexity to inventory control, distribution efficiency, and coordination of supply and demand—more sophisticated supply chain management is vital. And because food and beverage items are by nature intended for human consumption, health and safety requirements are particularly demanding. Track-and-trace, deep and detailed quality processes, and audit trails are critical business requirements.

To help manufacturers comply with all the industry's food safety regulations, alerts and escalation tools for early and rapid detection of problems enable performance of lot and sub-lot track and trace throughout the supply chain to identify items that need to be recalled. Furthermore, by leveraging system automation, distributors can manage capacity and other supply chain limitations—including shelf-life constraints, contamination risks, and the management of multiple plants and distribution centers.

Advanced, industry specific scheduling technology can also aid in maximizing tank utilization and increase output by strategically sequencing lines—taking into consideration factors such as tank capacity, clean-in-process, and flavor contamination, allowing production to continue without sacrificing quality and compliance.

### **Maximize production capacity and minimize downtime**

Products would not get to market without the assets that make them. All along the supply chain from the farm to the consumer, there are infinite opportunities to improve asset optimization through scheduling work orders, inventory planning, and maintenance execution. With several costly, high-energy-utilizing assets involved in the production of food and beverage items, it's also critical to minimize downtime to keep production running at peak efficiency.

Increasing the uptime of your assets has become even more important as new e-commerce and meal-delivery services are changing how products get into consumers' hands. In addition, brick-and-mortar locations, mass market retailers, and warehouse clubs are expanding their offers and putting more product pressures on manufacturers. You can reduce the impact of many of these challenges by the way you manage your production assets.

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A comprehensive asset strategy based on real-time operating data is instrumental to an effective maintenance program. By better managing your assets with an advanced enterprise asset management (EAM) solution, you can get the most out of your assets, while improving overall equipment effectiveness. Best of all, by taking a proactive approach to your EAM strategy, you can avoid unplanned maintenance and downtime, get products to market faster—no matter their channel—and keep customer satisfaction high.

### **Build and maintain relationships with a supplier network**

While the perception is that companies compete with other companies, it's more like supply chains compete with supply chains. Companies are increasingly dependent on trading partners—suppliers, transportation providers, distributors, retailers, and more—to acquire, produce, and deliver products to customers. To be effective, the supply chain must be set up to provide incentives for each participating organization to share information and fully support the overall goals of meeting demand and making a profit.

For most of today's supply chains, collaboration is a combination of some data sharing and some coordination on the forecast. In fact, collaboration and data sharing are key strategies employed by many supply chains to improve performance, reduce inventory, and increase availability—no matter what strategy is employed in the distribution chain.

New technologies are extending both the extent of collaboration possibilities and the impact of the collaboration. Today's enterprise resource planning (ERP) and supply chain systems incorporate the increased visibility of the Internet of Things (IoT) with data sharing and collaborative functions like workbenches, supplier and customer portals, and direct links between systems—all aimed at facilitating joint awareness and coordinated decision-making.

## **End-to-end success begins with improved communication**

Most organizations require input from both internal and external stakeholders to plan and execute their supply chain processes effectively. As organizations grow, introduce new products, remove others, acquire new companies, and shift priorities, stakeholders are constantly changing and can easily be overlooked due to fragmented communication processes.

As new insights emerge that should inform long-term strategic planning, the need to share critical information with colleagues throughout an organization, with suppliers, and even with customers, grows increasingly important. Manufacturers can easily accomplish this by granting all of the necessary stakeholders internet-based access to an enterprise social networking platform.

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This can ensure everyone has the most current and accurate information for critical decisions to improve customer service, maximize margins, and minimize loss that would typically occur from missed inventory targets, downtime, spoilage, or a variety of other challenges.

The modern supply chain depends on real-time data and insights to operate efficiently and inform shifts that capitalize on market changes. With the right supply chain planning solutions in place, manufacturers will have the agility and data needed to make wise supply chain decisions. When there is a constant connection between strategic planning and operational results, organizations are in a position to take advantage of new opportunities as the industry evolves, while ensuring that they are effectively accomplishing their long-term goals.

Today, cloud-based planning solutions can help align strategy with execution by establishing real-time global visibility into operations. It also helps foster a more collaborative enterprise-wide feedback loop that tells stakeholders whether they are staying on plan while also alerting them to emerging challenges.

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