



Using big data and supply chain planning to create agility



Adjust with changing market demands

As an industry once controlled by shelf life and inventory challenges, food manufacturers and distributors are now experiencing a shift in demand and customer expectations. New products, producers, and distribution models are also changing to face this challenge. The supply chain is at the epicenter of this shift. It is the link between supply and demand that delivers products to consumers. Supply chain agility is critical to enabling shifts that correspond to changing market forces.

Create value where it matters most

Being innovative is about more than just creating new products; it's about creating value. Food manufacturers can do this not only through their products, but also through placement, promotion, and price. The food industry is beginning to break traditional distribution models, shifting toward e-commerce and new models for product delivery, with new entrants such as AmazonFresh and FreshDirect.

With the need to constantly reimagine their supply chains to operate with omni-channel distribution, food and beverage manufacturers must adapt their current resources and management structures to serve various sources of demand—while also accommodating both large wholesale orders and small-quantity consumer sales. Success occurs when the right product is in the right place at the right time—exactly when and where the consumer wants it.

Supply chain planning solutions are helping firms to streamline and optimize their manufacturing and distribution processes by forecasting demand with more accuracy using daily and seasonal predictions, replenishment planning, inventory optimization, and promotional planning. [Holt-Winters logic](#) is bringing exact accuracy to demand plans with advanced statistical competencies.

In addition, food and beverage supply networks deal with additional criteria uncommon outside of the industry. Many of the raw materials used in food and beverage manufacturing are agricultural or harvested from nature—meaning availability is seasonal. Supplies may only be available during certain times of the year in certain regions of the world causing quality, purity, and strength to vary.

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. 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.

Realize greater agility with technology

According to McKinsey, “two in three CFOs say that their companies do not yet have the capabilities for agile decision making, scenario planning or decentralized decision making that are required to remain competitive in the coming years.” Agility is critical to success when it comes to the food and beverage supply chain, due to frequently changing production rates, alterations with product mix, introduction of new products to the market, penetration of new markets, and redirection of channel distribution.

McKinsey recommends that firms employ best-in-breed software solutions to organize best practices and align goals across the business. Supply chain planning solutions provide the framework for a flexible supply chain that balances the origins of supply and demand in a closed loop environment.

The solutions provide various benefits for food and beverage operators such as:

- **Measurable results with real-time data.** By collecting insights in real-time, such as attribute-level costing that factors in grade and market price, manufacturers can manage tight profit margins within the industry.
- **Multi-channel management.** Supply chain solutions allow for management of internal and external aspects, including customer and distributor demands and ingredient availability. By using predictive analytics, manufacturers can accelerate time to market and improve customer satisfaction.

- **Food safety and recall management.** 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.
- **Speed up the global supply chain network.** 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. Supply chain planning 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.

The modern supply chain depends on real-time data and insights to operate efficiently and inform shifts that capitalize on market changes. With supply chain planning solutions, manufacturers will have the agility and data needed to make wise supply chain decisions.

This article by Jim Perry, Director of EPM Enablement at Infor, was originally published by Food Manufacturing on Tuesday, May 23, 2017.

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641 Avenue of the Americas
New York, NY 10011
800-260-2640
infor.com

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641 Avenue of the Americas, New York, NY 10011
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