

An Epicor® White Paper

Four Essential Things to Know about Food and Beverage Traceability





Manufacturers must arm themselves to uncover and report every element along the supply chain, and the cost of all this insight can't be a barrier to enterprise financial success.

Introduction

For many manufacturers, traceability is a valiant goal. But, for food and beverage producers, it's a critical requirement. No one wants to put a single person at risk, let alone tens or hundreds. Yet, incidents of food-borne illnesses show up in the news every day. Amid demands for more stringent food safety and legislative mandates for "farm-to-fork traceability," food and beverage manufacturers struggle to adequately track ingredients, materials and end-products from origin to customer. As a food or beverage manufacturer, part of your job is to help prevent outbreaks of food-borne illnesses.

Today, it's not enough to know who you purchased your raw materials from and what the next stop is for your product. Manufacturers must arm themselves with the right tools, processes, and insight to uncover and report every element along the supply chain—from origin, all the way to the shelf or plate. And, the cost of all this insight can't be a barrier to enterprise financial success.

If you're ready to tackle traceability as a legitimate problem, and stop viewing it as a trendy buzzword, there are a few things you'll need to know.

Not all ERP is created equal

If you're using an industry-agnostic ERP system, you probably have some insight, but likely not enough. Since most manufacturers don't need end-to-end traceability—that is from absolute origin to final customer—the average ERP system provides only one level of trace in each direction. With this scenario, a bakery's system would only provide detail about their direct flour and sugar distributors.

But, what about the mills that produced the flour and sugar? What if any one of them had a problem along the way? Moving even further back in the supply chain, it's anybody's guess about the cane and wheat growers. Without the ability to trace an unlimited number of points, it could take weeks or months to pinpoint problems. Meanwhile, your business could face massive financial devastation due to complete recalls, lost inventory and liable actions.

Effective materials management reduces cost and risk

When you're thinking about traceability, day-to-day materials management doesn't usually come to mind. Consider some of the things that cause problems—not just for you, but for your inbound supply chain, and outbound distribution. While some materials, like packaging, have a long or indefinite shelf-life, other critical ingredients can spoil or cause production problems if not used at their peak.

The ability to accurately forecast and report production, consumption, and fulfillment translates to a capacity to adjust inventories and material orders to optimal levels. For example, carrying less inventory, and placing more frequent material orders can mean significantly less carrying cost. With accurate materials planning, ingredient throughput improves and often increases end-product shelf-life.

Ultimately, more rapid turnover of raw ingredients and product helps to reduce the likelihood of spoilage and helps you deliver higher quality to your customers.

Recipe-based materials management improves quality by streamlining planning and production activities, especially when data capture extends all the way back to the field.

Foods and beverages begin with recipes, so should your ERP system

Most ERP systems have been built for discrete manufacturing of engineered products. But, food and beverage manufacturers have distinct needs, and face risks that are unique to their business.

Recipe-based materials management helps process-oriented manufacturers stay on target for “day one for day one” order and delivery processing. For example, when you have the ability to plan appropriately for multiple product attributes and grades, and retailer-specific packing and catch-weight labeling, you can boost customer service levels while beefing up item-specific traceability.

Recipe-based materials management improves quality by streamlining planning and production activities, especially when data capture extends all the way back to the field. Consider for a moment a bill of materials that’s optimised for formulations and recipes, and multiple units of measure. Setting up products and production processes becomes easier, and even difficult formulations can be accurately represented and traced.

Making traceability a priority naturally improves utilisation and capacity

Businesses that focus on traceability generally increase operations performance. When planning, scheduling, production, and inventories align with orders, line utilisation improves. Food and beverage producers that look to Lean, Six Sigma or other improvement methodologies find that having the right tools and processes to manage traceability improve throughput, experience less waste, and reduce downtime due to unavailable materials. These dimensional improvements translate to cost savings or more capacity, and ultimately contribute to bottomline performance.

Conclusion

Food and beverage manufacturers that successfully navigate the traceability maze will ultimately win the game. While they might not ever be free of food-borne hazards, they will significantly reduce the risk and cost associated with mass recalls and useless inventory. Furthermore, these leaders will position themselves ahead of the compliance curve, and improve their competitive advantage. Farm-to-fork traceability doesn’t have to be an IT nightmare when you arm yourself with the right ERP system. Look for one that addresses your specific needs and risks as a food or beverage manufacturer:

- ▶ Uncovers and reports every element along the supply chain, from origin to the shelf or plate
- ▶ Offers unlimited layers of trace in both directions—inbound and outbound supply chain
- ▶ Delivers robust, recipe-based, day-to-day materials management
- ▶ Forecasts and reports production, consumption and fulfillment
- ▶ Processes orders and delivery on a “day one for day one” basis
- ▶ Captures multiple product attributes and grades, retailer-specific packing and catch-weight labeling
- ▶ Streamlines planning and production activities
- ▶ Optimises BOMs for formulations, recipes and multiple units of measure

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