Global trends over the next few years will trigger huge changes for the food & beverage industry, and procurement departments must be prepared for the repercussions. The growing middle class in developing markets and increasing regulatory control over food safety & sourcing have altered supply chains and emphasised the importance of efficient, streamlined purchasing for organizations of all sizes. Agricultural constraints such as climate volatility have caused an inconsistent supply of raw materials. A small portion of companies have a monopoly over resources which creates a tug-of-war for supplies. In fact, it’s estimated that approximately 7 billion consumers have more than 70 percent of their food choices provided by 300 to 500 companies, forcing these companies to compete for profits. A streamlined procurement process can provide a critical competitive advantage.

As industrialization accelerates demand and production capabilities, international food companies will experience a unique set of challenges. By the year 2050, emerging markets alone will add a demand of nearly 3 billion people to the food & beverage industry. Companies continuing to purchase through traditional methods while struggling with issues like overspending, wasted time, and poor quality suppliers will fail to maintain momentum.

This report outlines the procurement difficulties experienced by companies and offers potential solutions. Organizations interested in offsetting rising commodity prices will benefit from software attuned to the specific needs of the food & beverage industry.
The food & beverage industry is susceptible to overspending for a number of reasons. With globalization comes a greater likelihood that successful business models in one country will be replicated in a new location. This is met with varying degrees of success - procurement systems and processes might not be able to accommodate country-specific adaptations, creating an ideal environment for unnecessary spending. While it’s possible to counterbalance this overspending by cutting costs with cheaper raw materials, this method typically results in an inferior (or even unsafe) final product. The lack of a system for spend control and analysis is a critical “ingredient” in the success or failure of any company involved with the food & beverage supply chain.

Another common procurement challenge in the food and beverage industry is the high amount of wasted time and money that occurs due to lack of proper engagement from the internal team and ineffective collaboration with the appropriate vendors. With so many opportunities for product mishaps, it’s almost a guarantee that what you order won’t be what arrives - from items spoiling in transit due to delays or incorrect documentation, to products that must be rejected because of quality discrepancies. Perhaps most frustratingly, these goods may show up too late or at the wrong location, completely missing the season or event for which they were intended. These situations might cause Requests and POs to be duplicated, contributing to a cycle of wasted time, wasted money, and wasted products. No amount of waste is acceptable, considering some raw materials (like citrus and cocoa) are already in short supply.

Poor quality suppliers are a huge concern in the food and beverage industry, as recent international food safety scandals can demonstrate. Inadequate suppliers are directly responsible for catastrophic issues such as product recalls and the accompanying assembly line shutdowns, stalled day-to-day operations, schedule delays, and loss of revenue. An organization is only as effective as its worst suppliers’ capabilities, meaning that a lack of mutual objectives and a short term relationship might jeopardize a company’s success. Competition in the future will be less between companies and more for high-quality supply sources. As markets begin to overlap with increasing frequency, the monitoring of seemingly indirect suppliers will be required.

In Brief...

- Companies that expand internationally are confronted with procurement systems that fail to align with existing processes, creating an ideal environment for overspending.
- A lack of effective collaboration creates opportunities for product mishaps such as items spoiling in transit, products being rejected, or goods arriving too late.
- Product recalls, and the resulting loss of revenue, can be connected to poor quality suppliers.
Tradogram has designed software features that overcome challenges associated with procurement in the food and beverage industry. **Overspending, wasted time, and poor quality suppliers** can be solved by establishing a system that sets budgets & approvals, automates POs, sends instant messages, evaluates suppliers, and more. Setting **budgets** and enforceable **approvals** encourages organizations to analyze their spending, make the necessary adjustments, and start saving money immediately.

Implementing adaptable, easy-to-use software on a company-wide scale ensures that procurement is effortless, regardless of an organization's location across the globe. Uncontrolled spending is no longer a knee-jerk reaction to purchasing methods that don't align with the procedures of a given country or location. Most importantly, managers are able to review tall orders before they're sent, guaranteeing zero opportunity for maverick spending.

Tradogram provides an answer for organizations seeking to eliminate the wasted time and money associated with products that have spoiled in transit, products that must be rejected due to discrepancies in documentation, and goods that arrive too late to be useful. Specifically, the ability to **automate POs, send instant messages** within the application, and **track deliveries** can help ensure that ingredients arrive in salable condition, preventing an unnecessary outpouring of cash and a continued cycle of waste. **Automated POs** allow users to auto-populate fields, receive system alerts once a supplier has reviewed and accepted an order, and easily edit POs with convenience. This streamlined exchange of information reduces the communication errors that can contribute to products being shipped based on unclear terms and conditions.

The challenge of poor quality suppliers is perhaps the easiest to address. Tradogram has designed brief **supplier performance rating surveys** that allow buyers to identify inadequate vendors, based on both their past and current transaction history. These scorecards are confidential, and most importantly, Tradogram users are guaranteed that they'll be selecting only the best sources for food and beverage supplies. A **personalized database for high-quality suppliers** further emphasized their value - data can be exported to use in financial or ERP systems. Search through your list of approved suppliers to find the ideal choice as soon as possible, saving both time and money.
Food and beverage companies concerned with staying on top of expanding supply chains and consumer expectations are seeking out easy-to-implement procurement software. Tradogram offers customized solutions for challenges such as overspending, wasted time, and poor quality suppliers.

Companies will be forced to become more competitive for raw materials, considering changing climate patterns have the potential to negatively affect agricultural output. Organizations implementing Tradogram’s cloud-based procurement software are already experiencing the financial benefits and competitive advantage of a streamlined workflow.

ABOUT TRADEOGRAM

Control procurement. Lower costs.

On Tradogram, you quickly identify your most valuable suppliers. You collaborate with your team and your vendors to acquire the best goods and services, save time and reduce costs. You command the entire product acquisition process, end to end—all on a secure, web-based system, all for a reasonable price.

Choose Tradogram. Enhance your procurement processes. Take control.