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Why Fast-Growing Food and Beverage Companies Adopt NetSuite's Cloud ERP to Accelerate Growth

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Introduction

Over the years, small to midsized food and beverage businesses have pieced together a patchwork of applications to run their operations. From accounting to order fulfilment, to sales and marketing, a venerable hairball of applications exists across millions of small to midsized business. This infrastructure will not enable rapidly growing businesses to sustain and accelerate growth.

Piecing together various applications to effectively run your business is inadequate. This approach lacks many of the capabilities that growing businesses need and provides minimal real-time visibility into essential business information. Unfortunately, this strategy results in companies trying to grow by adding even more systems or applications for specific purposes—which often aren't integrated with each other—and may revise or attempt to automate certain business processes. This application hairball results in a level of complexity that's rife with manual tasks and bottlenecks, increases risks and errors, and can hurt the customer experience. In fact, it hinders growth and in some cases, it can result in the death of a once vibrant company.

For years, NetSuite has worked with growing food and beverage businesses across all geographies, and with thousands of finance and IT professionals guiding their companies through different phases of development. While these businesses are diverse, they experience similar challenges in dealing with traditional, on-premise systems.

Following is a summary of many of the issues that growing companies typically face, and why so many have decided to move to NetSuite—the #1 cloud ERP for food and beverage companies that enables accelerated business growth. Case studies and quotes from those who have adopted NetSuite describe why their companies made the decision, how they have implemented NetSuite and the benefits they are experiencing.

If you are leading a growing business and are concerned that the pain and complexity imposed by an application hairball is limiting your business, read on to discover that you are not alone—and that there is a better way.

Five triggers that indicate systems and applications are failing our business

Running complex business processes across areas such as financial management, revenue management, fixed assets, procurement, order management, billing, inventory management, services delivery and more is not possible with disparate systems and applications, from a simple general ledger solution patched together with a web store, warehouse management application and a customer support system, this solution simply will not support your growing company and business processes.

Moving to a single, integrated cloud-based system is a better solution (as the quotes that follow indicate), but companies may not recognize signs that an application hairball is limiting the business due to manual processes, errors and lack of real-time data and visibility to make important business decisions. Here are five triggers that serve as red flags:

1

It's difficult to find out what's really happening across the business in real-time.

Most systems are designed for an era when companies could wait until the end of the month to get the data they need. That's not the case today—consolidated views and up-to-the-minute reporting can make the difference between thriving and barely surviving.

Small teams at a single location can sometimes get by without a fully automated system because they are close enough to the action. But as a company begins to grow or takes on new locations, the information that has to be exchanged increases exponentially.

Additionally, the data needed for timely and accurate business decisions is buried within your disparate systems from sales force automation system, inventory management applications and customer service systems.

Here are several symptoms that your management reporting isn't meeting the organization's needs:

- Team members waste time playing playing "Hunt for the Spreadsheet". Growing businesses inevitably reach a stage where employees rely on spreadsheets to fill the information gap, since data lives in so many disparate systems. People end up spending more time hunting for data than actually analyzing it and making decisions.
- Management reports are error-prone and out-of-date. As businesses grow, they may use multiple manual processes to augment a less-than-optimum infrastructure. They may rekey sales orders into their financial system, reconcile customer information manually or manage SKUs across multiple systems. Reporting errors are inevitable and decisions are often made based on out-of-date, incomplete or inaccurate information.
- Reports take too long to run. With disparate systems, it's easy to hit performance bottlenecks but solving them is more difficult. When reports take too long to run, it's a sign that the amount of data the business has amassed has grown too large for a patchwork of applications to report on it.

- It is impossible to get a comprehensive view across all business units. As businesses grow over time, they usually have one set of financials in a standalone ledger system, while financial data for newer geographic locations or divisions ends up in other installations or financial products. Moving data between systems is usually manual and can result in errors. Additionally, management teams lack insight into how the business is performing on a holistic level.

2
Manual processes are used to entering and reconciling data across systems.

In today's "need it now" networked world, it is frustrating for suppliers, customers and business managers to wait for answers while information is manually transferred between systems. Incompatibilities between systems and imperfect integration have left employees copying data between systems. These symptoms are a sign that it may be time for your business to transition to a next ready single platform cloud solution like NetSuite:

- Sales orders, order entry and invoicing are paper-based. Your employees may spend hours every week manually entering order information into the invoicing system, while someone else copies invoice details into a sales compensation spreadsheet. Data entry errors lead to invoice queries that must be resolved, and month-end crises are on the rise.
- Bad customer information results in unhappy customers. When some customer information resides in sales spreadsheets, while some is stored in standalone financial systems and other applications, there is no way to know which data is most current, accurate and reliable. Bills may be sent to the wrong customer address or contact information may be out-of-date.
- Approval processes are slow and disjointed. When people have to pass paperwork around or match it up to information stored in separate software applications, simple processes like expense claim approvals or routine contract signatures can take days or weeks to finalize.
- Financial consolidation takes ages. Cross-posting transactional data between systems is time-consuming and the finance team works late every month to consolidate financial reports. Yet as hard as they work, managers are still unhappy because their weekly and monthly reports are delayed.
- Sales forecasting and budgeting processes rely on guesswork, rather than facts. Since it is difficult to get historic information in the right format in a timely manner to do trend analysis, employees put figures in spreadsheets based on guesswork. Even though the actual data exists somewhere, it's too hard to find and extract.

3

Sales are lost because employees can't get information to where it is needed fast enough.

Ecommerce has set the standard for customers these days. They expect to see real-time stock levels, confirm delivery schedules at the same time they place their order, and call customer service minutes after placing an order to add an extra line item. But this level of real-time responsiveness is impossible with limited or disparate systems. Growing businesses can't expect to creak along, while others fly at record speed.

Here are some warning signs that reliance on disparate systems may be costing you sales:

- Customer service fails because agents don't have up-to-date information. When customers call to place orders or check order status, it is frustrating to be kept on hold or called back with an answer. This often happens when information has to be retrieved from someone in another department or location. Customers may not file direct complaints, but churn and abandonment figures rise as customers find other vendors that don't waste their time.
- Stock levels are never where customers want them. Common symptoms are running out of stock at some outlets, while the same SKU sits on shelves elsewhere. It is impossible to pre-empt outages because it takes too long to update and consolidate point-of-sales data. In addition, real-time access to trend analysis by SKU and outlet isn't available.
- Customers and vendors don't have access to self-service information on your website. Customers have asked for the ability to look up stock, place orders and check status on the web, but you can't justify the required investment of time and money. In addition, your current business system wasn't designed to operate 24x7 and it's not clear it could be kept secure against online threats.
- Customer information can't be easily collected or filtered for sales campaigns. Even though the company is sending out regular email campaigns, the sales team has no information about responses when they call prospects and conversion rates are low. Unsold inventory is a problem because there just isn't time to organize a sales push or mailshot to clear the excess products.

4

More accounting is done outside of the financial system than in it.

Standalone financial systems are designed to automate a limited set of core accounting functions. As a result, it limits how companies can run their operations. As businesses grow, companies must adapt their processes to fit the application, rather than having a system that is flexible, scalable and will accommodate growth. It is easy to run out of headroom when companies have more customers, vendors or inventory items than many standalone financial systems can practically handle.

The key to business growth and success is greater transaction volumes and speed, but it's hard for many financial systems to handle this kind of pressure. Full audit trails, rich business planning and reporting or automated processes mean having to add systems and constantly engineer short-term quick fixes. Standalone financial systems simply can't handle stronger financial controls, better SKU management or support for more complex financial processes, such as recurring billing and invoicing.

Here are some signals that an organization has reached its financial system's limits:

- Finance staff members must use several different applications to do their jobs. As finance needs have become more complex, the gaps have been filled with other software packages—Excel spreadsheets or home-grown applications. When the finance staff needs to pay attention to as many as half a dozen different applications, a risk environment proliferates and requires constant lookout for errors—especially when relying on custom-built spreadsheets and software.
- It is too difficult to add new sales channels, product lines or locations. Every time there is a change in the business, staff must work overtime to figure out workarounds to accommodate it. Standalone financial systems do not have built-in support for everyday functions like making simple changes across matrix SKUs, adding new sales tax rates or handing bills of materials, kits and assemblies for manufacturing inventory. Processes that cry out for automation have to be done manually or from spreadsheets.
- It is impossible to adapt quickly enough to changing business conditions. Many companies want to modernize operations and react to market opportunities and competitive threats. Unfortunately, a lack of advanced and specialized functions holds them back. Specialized or industry-specific requirements like contracts and prepayments, manufacturing inventory, or warehouse distribution can only be handled in standalone external packages that have little or no integration back to your financial system.

5
The business spends too much time worrying about technology instead of focusing on business results.

Every time a company adds a new layer of business software, the underlying systems infrastructure becomes more complicated and inflexible. Earlier investments in hardware and software are costly to maintain and fail to keep pace with technological innovation.

NetSuite is an always-current, cloud-based ERP—the newer, younger model of business management systems. NetSuite's native flexibility and agility is all-encompassing, and the overhead of maintaining an underlying technology layer is non-existent. NetSuite is designed to stay up-to-date with the state of the art in business automation, giving companies the tools needed to stay ahead of the competition and to seize new opportunities as they emerge and grow.

When is it time to consider cloud financial management?

Here are a few signs that indicate that a business is ready to switch to a cloud-based system like NetSuite:

- System upgrades and improvements are pushed to the back burner, due to the associated cost and disruption. Many food and beverage companies' current business systems fall short of what they need to accelerate growth. However, because upgrading to newer versions or adding new users is disruptive and expensive, companies downplay its value. Furthermore, many businesses lack the adequate resources to implement and manage new, required technology and ultimately prevent their employees and customers from accessing required and desired business information.
- Backups, server failures, malware and data security are constant worries. It is a major business risk when financial data is concentrated in a single standalone system, while ancillary information is scattered around in other software systems and spreadsheets. Business continuity would be disrupted if one of the machines suffered a serious failure or if there was a fire or natural disaster. The company is overly reliant on fallible backup routines. Other major concerns are malware attacks and data theft. A sobering question lingers: how quickly could your business recover if a server went down and the company had to revert to a backup?
- A major deterrent to investing in new technology is the time required to see a return on investment. Funding new applications or technology upgrades require significant working capital, and it can be months before the organization sees a return. Even then, there is no guarantee that the new technology will deliver the expected results. When this is the situation, it often feels safer to just muddle along with existing systems and processes, even if everyone recognizes that they are holding the organization back.

NetSuite recognizes this and applies deep industry expertise to help organizations define, understand and articulate industry-leading best practices and the business value of NetSuite's cloud ERP solution.

“The biggest difference NetSuite has made for us is to be able to concentrate on our customers. NetSuite allows us to get the back-office out of the way and lets us concentrate on our core mission.”

Chris Tamucci
Director of Operations,
Honey Stinger

Best practices for embracing the Cloud

As small businesses grow, it is clear that alternatives to multiple disparate systems are needed, but the path forward isn't always well-defined. Here are several best practices that can smooth the path to the Cloud:

- Reduce the burden on limited IT resources. Growing companies typically have limited IT resources. Cloud solutions eliminate the need to maintain on-premises hardware and software. The cloud also enables mobility, since workers can access the application anytime, anywhere and from any device. Cloud solutions are also highly scalable, allowing growing companies to accelerate growth without needing to invest capital in technology or add additional resources.
- Consider a suite. Rather than perpetuating the "applications hairball", many companies decide to adopt an integrated product suite. A single cloud-based platform eliminates the need to piece together different solutions. An integrated suite makes managing data much easier. Dual data entry is eliminated, since all information is stored in a single, centralized data repository. A suite solution enables companies to start with the basics and add functionality over time, or immediately if the market dictates it—for example, new revenue management requirements, recurring billing, etc.
- Take time to understand the business needs and key business requirements. Before selecting a cloud solution, be sure the organization understands its business and key business processes. Growing companies often believe they are saving money by not spending the time needed to understand and capture the business requirements. Unfortunately, this can lead to selecting the wrong solution.
- Hire a partner to help with data migration. Regardless of what platform a company adopts, it can be helpful to find a suitable partner who can help migrate data and perform checks and balances before the system goes live. This approach will ensure that the transition to a new system is consistent with business processes and objectives.

Conclusion

If your growing food and beverage enterprise is experiencing any of the pains discussed above, a standalone financial application may be limiting your business growth and it may be time to consider NetSuite's business management suite. Moving your company to NetSuite allows for more efficient and effective business operations—essential for growing an organization and enabling employees to react to client and organizational needs in real-time.

To learn more about NetSuite for food and beverage companies, visit www.netsuite.com/portal/industries/food-and-beverage.shtml.

Case Studies

Four growing food and beverage businesses—Jackson's Honest, Dyla LLC, Sea to Table and CraftMark Bakery—share why their organizations transitioned to NetSuite, and how NetSuite has helped improve their effectiveness and efficiency.

JACKSON'S HONEST, FOOD MANUFACTURER

"NetSuite was an industry favorite, and I had a lot of folks within my space who suggested it." – **David McCormick,** VP of Operations, Jackson's Honest

Jackson's Honest grew out of Scott and Meagan Reamer's inexhaustible quest to help their son Jackson live with a rare neurodevelopmental disease, finding that a diet of unprocessed, nutrient-dense food, high in plant-based saturated fats helped to alter the disease's course and mitigate the worst of his symptoms. When their line of chips, launched online in 2012, gained attention from Natural Grocers and Whole Foods Market nationwide, disparate software couldn't scale to meet demand nor provide automation to streamline operations.

Jackson's Honest switched from QuickBooks Online and SOS Inventory to NetSuite in January 2017 and the company has seen several benefits:

- One platform manages end-to-end-operations. NetSuite helps Jackson's Honest streamline operations across three manufacturing facilities, B2B relationships with 4,000 stores and a growing B2C ecommerce business. It manages a charitable foundation as a subsidiary in the system.
- Data driven decisions. The ability to gather detailed data on freight costs, which comprise one-quarter of operation expenses, has enabled the company to change delivery strategies to customer pick-up where delivery isn't profitable and reduce freight costs by 35 percent.
- Scalability for B2C, international growth. With real-time access to stock levels and aggregated KPI data from three manufacturing facilities, the business can easily identify variable costs in raw materials for better forecasting, as well as optimize inventory management and further streamline operations, freeing up resources for international and B2C growth.

DYLA LLC, BEVERAGE MANUFACTURER

"We have grown 500 percent year-over-year because we're able to put our resources on selling the product, and not a lot in the back-end." – **Justin Lawrence,** Head of Supply Chain/Operations and Finance, Dyla LLC

Dyla LLC is a manufacturer of Forto ready-to-drink coffee shots and Stur water flavor enhancer.

Before adopting NetSuite, Dyla's accounting and finance teams were running on QuickBooks. As Forto expanded across airports and convenience stores, and Stur attracted major retailers, having two separate businesses on QuickBooks wasn't sustainable. Dyla's operations team spent half its time in spreadsheets synchronizing inventory, order and customer information, even manually entering EDI transactions.

Swayed by its ease of use, customization and cloud architecture, Dyla chose NetSuite over SAP. Since implementing NetSuite, Dyla has seen improvements in their financial processes, as well as broader business benefits:

- Information is accessible in real-time, as soon as it's entered into the system. Employees located throughout the US are able to see real-time information to manage contract manufacturers, a distribution hub and 117 SKUs across two brands and tens of thousands of locations.
- Business efficiencies increase and sales skyrocket. Just a month after go-live, Dyla processed a record of 343 orders, when it did 60 over the same period the previous year. It streamlined month-end close from five days to three hours and automated communication with 3PL providers.
- A unified view boosts strategic advantage. As Dyla looks to expand ecommerce presence for both products, as well as launch Forto in Canada, NetSuite provides a unified view of inventory that allows Dyla to enter new channels without increase its operations team of three. Instead, the company is making plans to double its sales and marketing workforce within a year.

SEA TO TABLE

SEA TO TABLE, FOOD DISTRIBUTOR

"NetSuite has served us very well and is an important part of our business. It's allowed us to operate in an extremely complex logistical model and scale from a single location to dozens of shipment points and many hundreds of customers, with the power and flexibility to compete in different markets. We can grow as much as we need to with NetSuite." – **Sea to Table**

Sea to Table is an innovative distributor that partners with local fishermen to sell sustainably caught fish to chefs. Originally headquartered in Tobago, the company is now headquartered in Brooklyn, New York.

Sea to Table had requirements when looking at software solutions. The company needed a flexible, powerful cloud system to achieve its vision of connecting fishermen to the market—creating value to fishermen, fisheries and fishing culture. They also required a transparent business management system to help ensure accountability and align with its principles of environmental and economic sustainability.

Sea to Table became an early adopter of cloud business management when they adopted NetSuite in 2005. NetSuite's comprehensive cloud business suite was ideally suited for Sea to Table's innovative business model of connecting local fishermen with restaurant chefs and campus dining facilities.

NetSuite has improved business processes while sticking to Sea to Table's core mission through:

- Scalability. Sea to Table's customer base has scaled from small beginnings to more than 600 restaurants and university dining halls in the U.S.
- Traceability. NetSuite enables important traceability of all fish caught and sold from two dozen ports spanning from Alaska to the Pacific Coast, Gulf Coast and Eastern seaboard.

- Transparency. NetSuite supports accountability and environmental and economic sustainability which is crucial for Sea to Table, a certified B corporation.
- Growth. Sea to Table has grown from three employees in Tobago to 15 employees in Brooklyn.
- Minimizing manual work. Purchasing and invoicing processes are seamlessly automated with ACH electronic payment transactions for both suppliers and customers.
- A unified customer record. NetSuite CRM increases Sea to Table's sales effectiveness, customer support and marketing engagement.

CRAFTMARK BAKERY, FOOD MANUFACTURER

"NetSuite was hands down the best solution for us. Other ERP platforms didn't meet our requirements for quick response time and an intuitive user experience. Over time, I think the NetSuite product will get even better." – **CraftMark Bakery**

CraftMark Bakery is a B2B supplier of frozen bakery goods. The company, founded in 2013, is headquartered in Indianapolis, Indiana.

When the company began, its goal was a 225,000-square-foot baking facility outside of the Indianapolis International Airport. To make its mark in the competitive baking industry, CraftMark needed to ensure efficient operations and remain agile to reinvent traditional business processes.

CraftMark selected NetSuite over SAP and Microsoft for its rapid implementation time, robust customization and manufacturing capabilities, and low total cost of ownership.

The company's decision to implement NetSuite has generated significant benefits, both for finance and the company as a whole:

- NetSuite runs the end-to-end business. CraftMarks runs demand planning, procurement, real-time variance analysis, customized reporting and mobile warehouse management with NetSuite.
- A flexible platform that scales with demand. NetSuite easily scales to accommodate high production volumes and provides the speed and agility CraftMark needs. This gives CraftMark an edge over the competition when developing new products or handling new product requirements from customers. NetSuite can be easily configured without necessitating new specifications.
- Continuous improvement and innovation on business processes allows CraftMark to push the edges of the baking business. With plans to launch a fourth production line, recruiting top talent is easier with quick onboarding enabled by NetSuite's intuitive user interface.

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