

Reduce food waste and improve your operations

Discover how upgraded
software can improve the
way you do business.

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Introduction

A recent report by Innova Market Insights identified the reduction of food waste as the top food industry trend of 2014, and the food industry's concern with food waste should continue for many years. As reported by FoodManufacture.co.uk, "Food loss during production and food waste, at the retailer and consumer end of the food-supply chain, will be heavily scrutinized."

Efforts to reduce food waste are motivated in part by sustainability concerns, as some experts estimate that the global food system loses as much as a third of all food grown. As consumers look to food companies for increased sustainability plans, reducing food waste will become crucial to preserving corporate sustainability. Consumers and the industry alike have made it a priority to reduce food waste enormously over the next decade.

Annual food waste disposed by the American food industry

Segment	Waste volume	Disposal costs
Manufacturing	2.4 billion pounds	\$59 million
Retail and wholesale	1.7 billion pounds	\$42 billion

Source: Food Waste Alliance

However, for food manufacturers there is an additional motivation: Wasted food means inefficiency, higher overhead, and reduced profits. NexTec can guide you through the steps necessary to reduce waste and increase efficiency. With industry experts who can help implement new software solutions like Sage X3, your organization can function like never before.

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Benefits of reducing waste

Many food companies accept a certain amount of waste as part of the cost of doing business. However, **regulators and consumers are likely to make waste an urgent issue rather than a given in coming years**, exerting pressure on manufacturers to help reduce waste in order to make the food supply chain more sustainable. Furthermore, reducing food waste can have a larger-than-expected effect on a company's bottom line.

Waste can easily become invisible to decision makers because it is normalized as overhead. However, **once food waste is recognized and reduced, it can bring surprisingly large improvements in profit**—either through reducing purchasing costs or allowing a company to produce more finished product.

Food companies could increase their profits by as much as 10 percent simply by reducing food waste with innovative software solutions from NexTec.



Causes of food waste

It's easy to tell companies they need to reduce food waste, but the complexity of manufacturing operations makes it a difficult task. A crucial first step in improving efficiency is identifying places where waste occurs. Without a thorough understanding of the causes of food waste—including those that can begin long before the point of waste—it is impossible to maximize efficiency. Identifying the most common reasons food waste occurs can help food manufacturers begin to address them.

Ingredient expiration and spoilage

The most obvious cause of food waste is when products either pass their mandated expiration dates or simply go bad. Although companies work hard to prevent such loss, it is widely seen as part of the cost of doing business. Better procedures and technology can help reduce expiration and spoilage by speeding up the production process, allowing less time for food to decay. Sage X3 can track lots and shelf life so that products can be pushed out before they expire.

Most companies can manufacture goods fast enough to prevent spoilage—the real issue occurs when manufacturers are unable to move their products down the supply chain at an appropriate rate.

Overstocking

Expiration and spoilage problems often flow from problems in distribution and stocking. Because supply and demand can fluctuate violently in the food industry, it can be a challenge to ensure that stock levels remain appropriate. Overstocking leads to waste when companies can't sell their finished products. This is a more daunting challenge than ingredient spoilage because increasing manufacturing speed or storage technology is not a solution. Instead, reducing overstocking requires the ability to forecast consumer demand accurately—no easy task for any company. NexTec provides robust business intelligence to help companies avoid overstocking. Our solution offers insight into historic fluctuations in supply and demand to better enable accurate forecasting using Sage X3 software.

Cross-contamination

Another common cause of food waste lies in cross-contamination. The incidence of cross-contamination has increased as consumers demand more foods free of allergens, GMOs, or other ingredients, and companies rush to fulfill the demand. Preventing cross-contamination of microscopic substances like gluten represents a huge challenge for food manufacturers, and protocols for effectively preventing it are still being developed. Cross-contamination is a frequent cause of recalls when products leak out to the public, whereas if the problem is caught before the products are distributed, the result is food waste. Better warehouse management and food safety plans help reduce cross-contamination, and must be part of an overall corporate commitment to safe food handling. The tracking functions brought to you by NexTec make it easier for companies to manage their warehouses and processes so that cross-contamination will not occur. Better yet, our allergen tracking system makes it possible to easily segregate ingredients in the warehouse and move them out before they spoil.

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Causes of food waste

Production loss

Of course, some food waste will always occur, and perhaps the most inevitable cause lies in the typical waste associated with processing. The primary solution for this form of waste lies in continuous innovation to processing equipment and material handling. Knowing where food waste occurs in the production cycle is critical to knowing where to focus on innovation. Many companies lack this awareness. With the detailed and easily accessed tracking information that NexTec delivers with Sage X3, gaining insight into where food loss occurs is much more attainable.

Lack of traceability

The epicenter of food waste problems is often a lack of effective tracking. Expiration and spoilage occur due to slow or ineffective expiration tracking. Overstocking can be traced to an inability to track sales from year to year in order to produce an accurate seasonal forecast. Cross-contamination has many causes, but one major issue can be the lack of effective traceability within a company's own warehouses. Although traceability does not mitigate production loss, without it, companies will never know which processes are causing the most waste. Bottom line: traceability along the supply chain and within the company's production line represents the most important tool available to reduce food waste and inefficiency. Sage X3 offers robust traceability tools in an easy-to-use and accessible interface.

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Improvement through Sage X3

NexTec offers a powerful traceability solution for small and mid-sized food manufacturers, offering powerful and easy-to-use expiration tracking, lot management, and process information. With the leading automation and resource management solution of Sage X3, you get powerful data and convenient insight into all your operations. With mobile options and an easy-to-use interface, tracking information is available at the touch of a finger to everyone who needs it, including lot tracking information accessible within four minutes.

NexTec is here to simplify the deployment of Sage X3 across your modern enterprise. We take the complexity out of managing the ever-changing requirements of your food-and-beverage business. Let us help you ensure rapid ROI and continued, connected success.

For additional information about traceability, new regulations in the food industry, or resolving resource management challenges, visit the NexTec Food Industry Resource Center at <http://www.nextecgroup.com/industries/food-erp/>, or contact us at info@nextecgroup.com or at 844-466-8477.

NexTec offers a powerful traceability solution for small and mid-sized food manufacturers.



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