

# WHOLESALE FOOD DISTRIBUTION: MARGINS, COST CONTROL & CUSTOMERS

*The Age of Technology has not only made consumers more informed; it's also made them more selective, especially when it comes to food. Dietary imperatives or preferences, aversion to chemicals or additives, competitive pricing, and the sheer time pressure of today's fast-paced lifestyle, all impact on the food sector and therefore on wholesalers & distributors.*

## GREATER PROFITABILITY

Tight financial controls are the core benefit of an ERP software system. Structured processes for financial accounting such as invoicing and ease of access to financial reports are the starting point for a business process management system.

Even more important, is the ability to perform accurate analysis on existing product lines, including the most valuable products with costs accurately calculated (more on this below) and poor performers to be removed in preference for new exciting lines, to add additional, healthier income streams.

In addition to these two areas, using business intelligence tools, data can be analysed to predict future trends and map expected fluctuations in demand. Wholesalers can then respond effectively to ensure the most product is sold as possible, to maximise sales and add to the bottom line without being burdened with high levels of slow moving stock.

**“In my experience the five critical factors for a successful business are the result of an effective implementation of the right fit Enterprise Resource Planning (ERP) system that can successfully promote growth and keep ahead of an often demanding and rapidly changing food wholesale industry sector”. Anna Rizio, Consulting Manager, Endeavour Solutions Australia**



## GREATER EFFICIENCY

Locating all business data in the one place, easily accessed and added to by all stakeholders and introducing automation to a host of processes can lead to huge steps forward in the efficiency of your business.

The full line of processes to be optimised, from receiving orders as quickly and easily as possible, processing and packing them efficiently in the warehouse (using the least amount of space, to be DOTIF to the customer) can be focused on and improved with the right system.

Effective inventory management is where we often see the largest improvements due to the nature of wholesale and the value that stock holds. FMCG (fast moving consumer goods) adds complexity, with the requirement to manage expiry/best before dates on perishable items.

## COST CONTROL

A sub-element of profitability, managing costs is critical for an industry reliant on maximising margins as a business model. The key components, logistics such as shipping, freight and import charges and warehousing must be effectively managed in tandem with promoting revenue streams. Storage and refrigeration, labour and administration costs will all impact on the health of your business so implementing a system that effectively visualises, highlights, manages and minimises these costs is of the utmost importance.

## EFFECTIVE STAKEHOLDER MANAGEMENT

Establishing and maintaining effective relations with customers and manufacturers is key to retaining high value orders. Purchasers can use business data to ensure key manufacturers are given preference. Providing sales staff with access to the information necessary to reaching more customers and prospects wherever they are located at any given time is vital. Contract management, including assistance with quantity breaks, claims and special order requirements are areas to optimise and promote good

working relationships.

Empowering your warehouse team with tools necessary to quickly and correctly pick, pack and send goods while minimising

administrative effort can have a profound effect on your business.

## TRUE INTEGRATION

The main theme reflected in all of the above is the efficiency afforded through integration of all tasks across the business. Choosing an ERP which will effectively manage and integrate your business' specific processes is arguably the most important decision a food and beverage wholesaler can make.

**If you have requirements not currently met by your software system, be sure to contact us to discuss your specific needs further.**