



NetSuite— Good Enough to Eat

Consumers today want more than just to taste their food. They want fresh. They want sustainability and organic, and they want to support growers, workers, and fair trade.

This is radically changing the food industry across every sector from ingredients to production including how it's produced, who produces it, how it's brought to market and how it's served.

A new generation of food companies who are leading this trend is showing how to leverage technology to transform the business—and provide the fresh, exotic, and organic ingredients sourced from around the world.

Good Enough to Eat

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Introduction—Good Enough to Eat

In the late industrial era—1950s through 1990s—the name of the game was economies of scale. The food industry was part of this trend. Along with scale came standardization of manufacturing, new chemicals for preservatives, and a general standardization of everything—what we ate and what we used.

But a new generation of companies and consumers is now in vogue. Consumers are looking for organic, rich taste, fresh, and from trusted sources. This trend, once considered a minor fringe of the food industry, is the hottest growth segment—spawning a new generation of companies with new management techniques and new technologies—and is forcing old ones to rethink how they work and what they sell.

Competing and getting product to market is no small feat. Big companies have big advantages in transportation, shelf space, and market presence. In order to manage their enterprise and reach global markets, these small but growing companies are playing a new advantage card by leveraging the latest in technologies and business practices to capture the advantages big companies have.

To understand this new food market, we interviewed several innovative companies who have embraced technology in order to achieve these goals.

PROBAR

Organic, vegan, non-GMO, sustainable—and creating a high-performing enterprise—is no small job for a big company. [PROBAR's](#) brand is big, but in many ways PROBAR is still a small company. The drive to increase production and distribution while maintaining their quality and corporate culture keeps the pace intense at PROBAR. From its inception as a local Park City, Utah company with a home-spun compact energy *meal*, PROBAR has expanded to a national company that sells millions of organic snack and energy products.



As PROBAR grew, says Jules Lambert, PROBAR President, they asked themselves, “How can we operate [our] business differently? Our mantra at the company was sell, sell, sell. Produce. Produce. Produce.” And sell they did, not only riding the wave of the increase in the energy bar sector, but due to their own standout products. Thus, Lambert went on to say, “We had to find a way to scale as our business grew. We needed a new system that could scale with us.” The idea of a cloud system appealed to them. Continued Lambert, “We were not looking to get into the cycle of constantly replacing servers and systems, spending time and resources on maintenance and the constant updating.”

PROBAR looked at a variety of enterprise offerings in the market. Though many solutions were marketed to smaller companies, it appeared that “the cost to deploy [the] competitors’ ERP they looked at was

significantly more than NetSuite's.¹ Buying the servers, the consultants, the software, and all the seats and the staff to maintain it all just didn't make sense to us," said Lambert.

Much of the management and senior operations staff had previous professional experience at other food manufacturers. They knew that managing the food supply chain is not an easy job, even for larger firms. Lambert went on to describe some of these challenges. "The food supply chain has many grocers who



don't provide accurate (or any) forecasts. Many distributors don't provide visibility as product flows through to retail. Though product moves through the channel and off the shelf *daily*, distributors only provide *quarterly* reports on who [and] where product was sold to. Many retailers don't provide any forecast and some even want to sell their data to suppliers. Only a few major grocers do provide forecasts." Hence, forecasting demand and maintaining customer service can be a challenge. However, Lambert continued, "We are able to analyze all our order and sales patterns within NetSuite, create a plan and manage customer service."



Managing so many diverse customer channels and supply sources is a real challenge for any company. Brandon Jenness, Director of Operations, told us how PROBAR manages operations. "We have many inventory policies to support different customer requirements, for example, reserved stocks based on retailers' preferences. Some customers want first-in, first-out (FIFO) or last-in, first-out (LIFO) and we can keep track of all that in NetSuite. Our systems also allow us to segregate products such as Non-GMO, premium organic products, and kosher, tracking these from source through production. Our ability to manage all these variables allows us to maintain inventory by customer preference as well as manage our food traceability processes."



Jenness went on to describe the criticality of food safety. "We explicitly use NetSuite for traceability. The ability to do mock recalls, the ability to trace the ingredients from over 30 countries we source from all the way through the thousands of distributors we sell to, all is done in NetSuite. We use this for all our certifications—[Non-GMO](#), [organic](#), and kosher." In fact, Jenness mentioned, PROBAR was able to achieve a perfect score on [QAI](#)'s audit, one of the most stringent auditing processes for organics.

This type of rigor set a high bar, but one they believe is critical to PROBAR's growth and their brand, and which requires precision in information not achievable without automation.

¹ Compare on premise vs. cloud costs in SaaS pricing series [here](#).

International Spices

Spices! They invoke visions of mysterious spice markets and merchants in exotic locales. Closer to home, [International Spices](#) is a Nebraska-headquartered enterprise, yet global and constantly innovating. They provide not only bulk spices, but dried fruit, gluten free blends, and can custom blend for their customers.



The [Hochstein family](#) brought their business acumen² when they purchased International Spices in 2003, and set about to transform the company—the sources, manufacturing, channels, sales, and of course, technology. As Eric Hochstein joined his father in the business, he began the journey to modernize the technology. “There were virtually no emails and everything was paper-based when we began,” he said.



Initially, like many small businesses, they purchased some on premise systems. But one of the factors Eric Hochstein, now the CEO of International Spices,³ points out is that “If everyone is in the office, an on premise system could probably work. But as we grew the business, it became more and more obvious people had to be out of the office and still have access to appropriate, accurate information readily available—to inform customers of products, inventory availability and prices, and make sales.”

Since mid-2010, they have been fully operating on NetSuite. Managing over 400 uniquely sourced ingredients, International Spices has to ensure that these pass quality standards before they blend and batch them into bulk and/or unique or custom blends to sell to the largest enterprise or to the home customer. From source to ship, supplier to customer, all are managed in the solution.

Integration of all the components of the business “...from manufacturing to ecommerce and the ability to manage that all in one spot,” says Hochstein, “is core to our business. We don’t have to wait months and months if we need new reports. We are not constantly integrating disparate data sources that are not part of the system.

“Managing systems is *not* part of our business, but we need to be current in technology. State of the art technology is critical to attracting and retaining younger employees. If you don’t provide them the latest technology, they don’t want to work in companies that are not keeping up.”

The trajectory at International Spices shows that they are *more* than keeping up—they’ve shown a greater than fifteen times growth rate since the Hochsteins took over the business.

² The Hochsteins purchased the company from the previous owners. Hochstein has previous expertise in the food and ingredients sector.

³ Eric took over in January, 2015.

Sea to Table

No business represents the challenges of *instant* and *fresh* like the “Landed today—arrives tomorrow,” moniker of [Sea to Table](#). They connect fresh catch sources directly to the chef, providing a market for small fishermen and a rich and transparent selection for chefs. The Dimin family, founders of Sea to Table, wanted to find a way to support the small fishermen and their communities, and find them a way to reach the marketplace. And they have discovered a ready market, since today’s chef is not looking for frozen, bland supply, but fresh and unique offerings. Sea to Table, a [B Corp](#), has put their ideals into practice⁴ creating a market for poor and/or small providers who can now connect with a world of buyers.

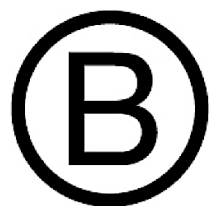


Sea to Table’s Michael Dimin told us how the process works. “When a fisherman arrives at the dock, they post their catch directly to Sea to Table’s online system, which can then rapidly post it to the marketplace. We ship directly from the landed port to the purchasers with no middleman distributor in the mix.” This means creating their own modern supply chain enabled by some new technologies and lots of good old salesmanship—relationship building—with suppliers. Son Sean Dimin points out that developing sources was not very straightforward. They had to provide resources to fishermen—cold storage and processing methods, as well as the system for them to post their available products. The ‘junior’ Dimin has had to spend much of his time working directly with fishermen in their locales.

Through these efforts, Sea to Table has grown from one source market in Tobago to thirty-six. And customers are in the thousands. These are not just the chefs of today. Sea to Table is seeding the future, selling to universities as well. Young people today want to know where their food comes from.

Sea to Table has developed a frozen line as well, since some products can be fast frozen from the dock and stored in third-party warehouses across the US. Unlike catch straight from the dock, which changes from day to day, this inventory provides a bit more standardized availability for the market and larger customers.

Certified



Corporation™

bcorporation.net

Sea to Table needs to comply with global and US regulations⁵ and demonstrate day-after-day consistency in delivering fresh product to customers. Michael Dimin credits their cloud solution from NetSuite as a critical element in achieving these goals. From ecommerce to inventory management, food labeling and traceability, and packing and shipping, their technological savvy has allowed Sea to Table to create a new—and successful—industry model.

⁴ Sea to Table is a registered [B Corporation](#). B Corps are certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.

⁵ A few agencies: [US Fish and Wildlife](#), [USDA](#).

What Can We Learn

Each of these firms’ management teams brought experiences from other positions in other companies. They brought with them many perspectives about technology—what works, what doesn’t. They understood that to manage and scale a multi-location business requires visibility and communication with suppliers, trading partners, distributors, consumers, and employees. To do that, they knew that cloud was the way to go. In addition to providing the communication platform, the solution had to provide the functionality to manage a modern business. Beyond that, a small business needs the technology at the right cost. In fact, the cost of the technology was mentioned repeatedly by all of these firms. They evaluated many solutions and realized that they needed a solution that could scale as they grew without putting them in the position of constantly buying new modules from vendors and carrying the burden and cost of upgrades and maintenance.

These executives validated that point and stated that they “...couldn’t run the business without a modern cloud solution.” Again, the NetSuite solution won out. Initially they did have other solutions,⁶ but those did not provide the scale, performance, and functionality required.

Importantly, having a cloud enterprise solution frees companies from managing technology. “We are not managing things that are not part of our business,” said Michal Dimin of Sea to Table. “[We] can have visibility and can manage the multiple locations of our fishermen at the docks and then integrate all the way through to the customer.”







Though the businesses mentioned in this article are in some respects a bit different, the fact that they are all food companies means that certain critical processes, unique to the food industry, must be addressed:

Food Safety: Most critical to the food and beverage industry is quality and safety. This means validating and monitoring suppliers and inbound carriers. Maintaining an audit trail from sources through logistics is crucial to adhering to current regulations. These firms regularly conduct mock recalls which should test all the processes⁷ of the enterprise from source to the next stage in the supply chain. These drills are more easily done when ‘all the data’ is in one common system vs. a myriad of disparate spreadsheets and files, they told us.

Why Traceability Now?


Food Traceability Definition: The ability to trace food items from the point of consumption back to the original source(s)— **with reasonable efficiency & high confidence.**


Convergence of Forces / Drivers

- **Media Driven Culture—Instant Headlines** 
- **Complex, segmented supply chains / markets** 
- **Chasing lowest cost: increasing supplier churn**
- Opaque sub-tens, sub-contractors 
- **Mounting Regulatory Pressures**
- Widely varying regulatory regimes and enforcement 
- **Hundreds of parties touching products in end-to-end chains**
- Range of practices and technology 
- **Increasing demand for special attribute foods**
- Organic, fair trade, dolphin-safe, non-GM, free range ... 

Consumers Want to Know: Is it really what it claims to be?

Fresh?	Organic?	Safe?
Wild Caught?	Non-GM?	
Fair Trade?	Free Range?	





⁶ QuickBooks was the most common, with SAGE and homegrown applications and of course, spreadsheets.

⁷ See [FDA's Hazard Analysis](#).

Logistics: In today's global market with so many sources across the globe, logistics is the biggest challenge. "It is more the shipping challenges than crop shortages," says Hochstein of International Spices. Small businesses rely on third parties, so integration to a myriad of transportation companies is a given. Again, this requires standardized data to tender shipments as well as manage a cold chain. Michael Dimin, of Sea to Table, said they can ship from the dock or their warehouses in specialized packaging to preserve freshness and get product overnight throughout the US. Tracking data is not just important to customers, but provides traceability and delivery notification so invoicing and payment can happen quickly. In fact, Hochstein stated that "...logistics is the key now to further growth and reaching new customers." Thus, integration is critical.

Compliance Labeling: There are multiple requirements for food labeling from the US government⁸ as well as various organizations like Fair Trade, Non-GMO, Kosher, Organic, and so on. Consumers—and grocers—expect these today.

Inventory Management: Unlike shirts, which can last for decades, these are perishable items. PROBAR and Sea to Table, in particular, have highly perishable products and must be vigilant about inventory management. Real-time visibility of product in stock and in motion is key to ensuring freshness.

Managing in the Cloud: Cloud is a different approach, these companies pointed out, from implementation to ongoing management. Although cloud does reduce the investment in technical staff, staying connected to the cloud provider and the community of other users and learning from their experiences as well as investing in training is essential. This makes the role of the super user critical, since companies no longer have the on-premise IT staff. The provider/user relationship is much more dynamic and engaging, since the cloud is being regularly updated with new enhancements.

However, mentioned Hochstein, there is "...no part of the business today that is not run with NetSuite," and that unlike so many companies that have years of functional backlog and have their technology dollars tied up in maintenance, he added, "...we are running out of things to implement."

⁸ USDA as well as specific retailer requirements include source of ingredients/country of origin, a use-by or best-before date, storage requirements (temperature, light, etc.), the manufacturer or packer, nutrition, calories, serving size and so on.

Conclusions

Growth is challenging for all businesses and, at the same time, preserving who you are is essential. Yet, as Michael Dimin declared, "There is no limitation in terms of our growth. Our technology enables this by allowing us to discover and support new customers, new suppliers, and keep up with the changing trends and food industry and what consumers want." Consumer tastes are changing, they all agree, and as he pointed out, "Consumers are looking for healthy food and a connection with those who supply it, requiring transparency in our supply chain. The movement is for healthy and we want to be a part of that."

Being efficient, maintaining reliable business practices (a challenge for small businesses), and having more than a cool brand is essential. "Over the past five years, we have come to rely on NetSuite one hundred percent for financial data and reporting, and its ability to measure and improve our manufacturing efficiency," said Jules Lambert, PROBAR President. "There is no doubt that NetSuite is the perfect solution for us to help us continue to grow."

One important note is that these *young ideas* are not exclusively the domain of so-called millennials. These companies were founded and are a management mix of multiple generations. Yet it is new new-generation technology and management techniques that are enabling their companies to grow. On this they all agree and can quantify the value. Eric Hochstein powerfully summed it up when asked about the value to the business, "Immeasurable! More than anything, it [technology] has allowed us to do what we do, and accomplish so much more. It allows us to be a spice company, and allows us to serve our customers."

And that is what *any* business is *in* business to do.

References

More stories: [NetSuite Goes Natural](#)

[Cloud Economics](#): ChainLink Research

PROBAR: Lots more about [PROBAR](#) and [here](#).

International Spices: [NetSuite case study](#)

Sea to Table: Lots more about Sea to Table on [this search](#) and [here](#).



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