

# **SUPPLY CHAINS FOR MANITOBA'S FOOD AND BEVERAGE INDUSTRY**

Focus Group Findings

Headingley, January 28, 2025

Virtual, January 29, 2025

# Supply Chains for Manitoba's Food and Beverage Industry

January 28 (Headingley) and January 29 (Virtual), 2025

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## Introduction

Together, Supply Chain Canada and Manitoba Agriculture have partnered to host a 'Manitoba Supply Chain Focus Group' to learn of perceptions and challenges faced in the supply chain of food and beverage manufacturers. A focus group is a timely and useful outlet for those involved in the food and beverage supply chain to engage and discuss the challenges faced with respect to expanding distribution of their products within Manitoba as well as outside Manitoba within Canada.

The focus groups included interested and affected parties that support Manitoba's food and beverage industry, including:

- industry organizations and associations
- packaging and ingredient suppliers
- retailers and distributors
- representatives from all levels of the supply chain

Using focus groups provides real-time feedback whereby key supply chain challenges and trends are identified, and allow for collaborative discussion between interested and affected parties on issues and challenges. By including all levels of the supply chain, there is an opportunity to learn of innovative ideas to improve efficiency, sustainability and resilience in the supply chain.

Through these focus group discussions, Manitoba Agriculture and Supply Chain Canada aimed to facilitate improved interprovincial trade and be better able to coordinate supply chains, both in-province and interprovincially. Through collaborative discussion, best practices for supply chain management and logistics within inter/intra provincial supply chains become evident. The focus group will learn what is restricting trade within, and between provinces, and therefore limiting additional sales.

## Participant Details

500 focus group invitations were sent out via email and 32 industry professionals representing food and beverage manufacturing, transportation, academia, industry organizations and businesses attended one of the two events.

The attendees were asked to discuss the following three:

1. What's your biggest pain point when it comes to your supply chain?
2. What are you doing to address these pain points?
3. What pain points do you need help to address?

## Summary of Findings

Below is a summary of the findings from the two focus group events:

- 1. What's your biggest pain point when it comes to your supply chain?**

- **Cost of sourcing ingredients:** High freight costs due to small quantities needed.
- **Scaling up:** Lack of cash flow and warehouse space.
- **Shipping rates:** Critical mass affects rates for both inbound and outbound shipping.
- **Cash flow issues:** Long payment terms from large customers and warehousing costs.
- **Transportation costs:** High costs and regulatory issues in the trucking industry.
- **Regulatory barriers:** Differing liquor laws and markups between provinces.
- **Finding warehouse space:** Difficulties for small to medium-sized enterprises.

## 2. What are you doing to address these pain points?

- **Buying larger quantities:** Take advantage of pricing volume discounts and storing inputs to reduce costs.
- **Creative solutions with suppliers:** Negotiating consignment and longer trade terms.
- **Collaboration:** Teaming up with other manufacturers using the same raw materials to purchase larger quantities and take advantage of pricing volume discounts.
- **Long-term relationships:** Building long-term relationships with transportation service providers.
- **Exploring synergies:** Potential use of rail for transportation.
- **Warehousing:** Sharing warehousing infrastructure with other manufactures.
- **System mapping:** Identifying inefficiencies and improving productivity.
- **Technology:** Using Artificial Intelligence (AI) to automate processes and improve efficiency.

## 3. What pain points do you need help to address?

- **Negotiation with suppliers:** Not all businesses feel empowered to negotiate consignment or longer trade terms.
- **Regulatory barriers:** Need for a third-party food safety certification program for manufacturers.
- **Cash flow management:** Assistance with grants or interest-free loans.
- **Supply chain education:** Need for training and resources to better understand how to efficiently and effectively SUPPLY CHAIN MANAGEMENT.
- **Partnerships:** Establishing connections with warehousing, distribution and transportation service providers.

- **Framework for SUPPLY CHAIN MANAGEMENT:** Developing a "cheat sheet" for supply chain actions.
- **Portal for needs:** Creating a platform to share needs and find partners.
- **Support for Indigenous farmers:** Breaking down trade barriers and ensuring access to goods.

## Next Steps

- Share the Supply Chains for Manitoba's Food and Beverage Industry Report with focus groups participants and industry.
- Cross reference the findings of the focus group with training, resources and tools that currently exist to assist the food and beverage industry improve their supply chain management and promote them to industry.
- Create new training, resources and tools to fill gaps in existing training, resources and tools to help the assist food and beverage industry improve their supply chain management and promote them to industry.
- Promote the [Supply Chains: What They mean To Your Food Business](#) and [Supply Chains: Competency Benchmarking Tool](#) webinars to help food and beverage industry improve their supply chain management.
- Launch and implement a Supply Chain Management Shared Services Pilot Project for a select group of companies within Manitoba's food and beverage industry. The project will include a detailed operational guide outlining how the pilot will function, funding parameters, and participant eligibility and requirements. A supply chain professional will work directly with each participating company to map their supply chain, identify inefficiencies, and provide tailored recommendations to enhance supply chain performance and cost-effectiveness.

## Appendix A

### MANITOBA AGRICULTURE

#### Notes from Supply Chain In-Person Focus Group, January 28, 2025

##### Organized by Topic - Pain Points

- Cost of sourcing ingredients is a pain point, due to small quantity needed, freight cost is high.
- Difficult to scale up from owner/operator to micro to small due to limited resources (e.g. cashflow, warehouse space).
- Cash flow is an issue with respect to warehousing large quantities of raw materials. Long payment terms for customers such as the larger grocers (Sobeys, etc.) is also an issue.
- Pain point associated with scaling up from farmers' markets to province-wide grocery distribution. Scaling up resulted in one company going from local purchasing to purchasing larger quantity from other provinces and takes a lot of time for this sourcing work. Why was it necessary to switch vendors when started buying larger scale? Was there opportunity to work with current vendor? Response to first question was that it was an effort to lower cost by eliminating the middleman.
- As trying to export, national wholesalers more focused on East and West markets rather than on middle/prairie provinces.

##### Organized by Topic – Potential Solutions

- Idea - to buy larger quantities of inputs; maybe freezing if possible.
- Critical mass when shipping is important insofar as the rates charged. Applies to inbound and outbound.
- JIT – Just-in-Time.
- Potential synergies with rail.
- Try to work with your suppliers by suggesting creative solutions to your pain points, such as paying on consignment, longer trade terms. Suggestion that they have an interest in your success. Small scale business does not feel empowered to negotiate/suggest alternative solutions with vendors.
- Is there someone else using your raw materials who you can team up with? Idea of creating a platform to share one's needs and to find potential partners. Carrying excess inventory is costly from cashflow and spoilage perspective.
- Companies shop for transportation solely on price. You get what you pay for insofar as there are companies with lack of proper regulatory enforcement are driving down the rates. Human trafficking is rampant in trucking industry. Wages are the same now as 10 years ago, but cost of assets are 80% higher versus 10 years ago. Long term approach is to engage in dialogue with trucking services – this is a better approach than shopping for and purchasing trucking services ad hoc. Pricing by 100 weight then charged as unit of 100 weight; more linear pricing than ad hoc. The more predictable your behaviour, the easier it is for freight companies to work with you. For your part, as a processor, it is easier to measure and allow for freight cost when it is consistent versus ad hoc.

- Supply chain needs constant attention and needs to be managed continually. A dedicated supply chain management person will more than pay for themselves through identifying cost savings, process improvements.
- Q to Rick re support available re supply chain management. A Training resources, part of sector development, EDC, BDC.
- Toronto is central distribution point. If you have backhauled your freight cost will be lower. Manitoba goods shipped to Minnesota is a backhaul versus ahead haul.
- Companies need to learn supply chain management terminology to know what questions to ask. There are more uneducated supply chain people now versus 10 years ago. Trucking companies are working to educate their customers.
- Suggestion for Manitoba Agriculture, Food and Beverage Manitoba, Supply Chain Canada, Manitoba Trucking Association to pool some resources to provide small scale food processors with supply chain management functions. A shared resource that is something beyond training. Potential challenge is the shared supply chain management person understanding the small-scale company's business. Is there already someone in your company who is doing supply chain management function? How much of their time is used now for this function? Supply Chain Canada can help with training.
- Manitoba Trucking Association has a resource on their web site: Manitoba Trucking Guide for Shippers. [www.kelmanonline.com/httpdocs/files/MTA/2025-trucking-guide/index.html](http://www.kelmanonline.com/httpdocs/files/MTA/2025-trucking-guide/index.html)
- Idea to create a portal where everyone can post their needs. Counterpoint to this is that in the heat of the moment this may not be used.
- Canadian Federation of Independent Grocers (CFIG) has an excellent portal with support services for small business. However, may only be for Manitoba.
- Maybe a portal is best used for common issues among many companies.
- Supply chain management can be implemented incrementally. Solve the greatest pain point first, and so on.
- You can call the Manitoba Trucking Association with trucking questions.
- 24 hours East, West, and South there are 100M consumers.
- Is there potential to develop a framework for supply chain management such as a "cheat sheet" of actions to take in various situations. Getting whole training may be overwhelming and time consuming.
- Western highway news provided by Manitoba Trucking Association.
- Supply chain management – American supply chain management dictionary: [www.asupplychainmanagement.org/learning-development/certifications-credentials/dictionary/](http://www.asupplychainmanagement.org/learning-development/certifications-credentials/dictionary/) This is for members. Membership annual cost appears to be USD\$99.
- Would be helpful to know what documents are required and how to complete forms (Bill of Lading is either the most popular or near most popular link accessed on the Manitoba Agriculture web site.)
- Identify gaps in your supply chain, evaluate services from potential partners.
- Everything you do with supply chain management needs to support cashflow and revenue. Will contribute to your competitive advantage.
- It's good and helpful to know your vendors. As a caution their shortcomings may become your shortcomings.

# Notes from Supply Chain Virtual Focus Group, January 29, 2025

(AI Summary)

## Supply Chain Challenges

The group has been discussing various supply chain issues, with a participant noting they have few problems due to well-established partnerships and proactive planning. The conversation is focused on identifying pain points in supply chains for different food and beverage companies, with participants including industry professionals and government representatives from agriculture and economic development departments.

## Challenges in Expanding Liquor Business

A participant discussed the challenges of expanding his business into other provinces due to differing liquor laws and markups. He highlighted the issue of Saskatchewan producers being afforded a lower markup than Manitoba producers, which hinders competition. A participant also touched on the difficulties of shipping supplies, particularly cans and glass, due to high LTL costs and cash flow issues. He mentioned exploring solutions such as warehousing in Manitoba and working with other breweries to share shipping costs. It was suggested considering consignment and third-party logistics as potential solutions to these issues and the challenge of sourcing products for larger orders and the desire to work with major retailers was mentioned.

## Breaking Trade Barriers for Farmers

One business owner discussed her goal to work with farmers in Manitoba, particularly Indigenous ones, to market their produce directly to clients. She highlighted the challenge of shipping meats from one province to another due to regulatory issues and the high cost of federally regulated meats. It was also expressed the desire to break down trade barriers between provinces to ensure access to goods, particularly for vulnerable communities in Northern Manitoba and Nunavut. More experiences were shared with regulatory barriers, particularly in obtaining certifications for their products. It was suggested the need for a third-party, non-affiliated certification program to help small producers. It was agreed with the need for assistance in obtaining certifications and suggested exploring options to help small producers navigate the process.

## Small Producer Challenges and Solutions

The meeting revolved around the challenges faced by small producers in the food industry, particularly in Manitoba. A participant suggested exploring grants or interest-free loans to help small producers scale up their operations and gain certification to export outside Manitoba. Another shared his company's experience in developing their program and hiring in-house expertise. Annette introduced the Manitoba Sustainable Canadian Agricultural Partnership's food safety and traceability program, which provides funding for small processors to develop HACCP plans and certifications. A new position at Food and Beverage Manitoba was discussed that could assist clients with food safety plans and certifications. Creating a niche membership



group for Indigenous people to access traditional foods was discussed but raised concerns about cross-border trade and regulatory issues. Fireweed Food Cooperative as a potential partner was suggested for consideration. One expressed a goal of advancing food sovereignty and creating relationships with Indigenous farmers for future business opportunities.

## **Supply Chain Challenges and Solutions**

The meeting involved discussions about the challenges and strategies of growing a business, particularly in the context of supply chain management. Victor, a new member of the team with Supply Chain Canada, shared his observations about the difficulties small to medium-sized enterprises face in finding warehouse space and understanding their supply chain processes. He also highlighted the potential of technology, such as AI, to automate processes and improve efficiency. Tara, another participant, shared her experiences with shipping goods to the North, particularly through the port of Churchill, and the challenges of returning shipping containers. Rick and Marcus discussed the importance of mapping supply chains to identify inefficiencies and improve productivity. The conversation ended with a discussion on the potential of technology to streamline processes and improve efficiency in supply chain management.

## **SUPPLY CHAIN MANAGEMENT and Efficiency**

One participant discussed the potential benefits of system mapping for supply chain efficiency and cost reduction. Another participant emphasized the need to identify specific areas where help is needed, and another participant shared their experiences with supply chain challenges. Another participant highlighted the need for a more efficient way to pack and transport goods, and another participant suggested exploring a specific program for potential solutions. Another participant also raised concerns about new regulations that could increase costs for shipping vehicles to a specific region. Another participant shared their company's journey, including a shift to using a key ingredient from another region, and expressed concerns about supply chain procurement.

## **Establishing Partnerships for Small Businesses**

Two participants discussed the importance of supply chain management in businesses, emphasizing its role in integrating various departments and functions. They highlighted the need for a supply chain lead who can manage the process, identify opportunities for cost savings, and negotiate with suppliers and carriers. One participant shared their experience of improving a company's supply chain, which resulted in significant cost savings and process efficiency. Another participant sought clarification on the scope of supply chain management, and another participant explained that it encompasses sourcing, procurement, transportation, and warehousing, with the goal of ensuring an efficient flow of goods through the system. The team agreed on the importance of mapping the supply chain, identifying weak links, and reanalyzing after each fix. They also stressed the need for collaboration between different departments, including sales and finance, to ensure effective supply chain management.

## Supply Chain Issues and Next Steps

The group discusses next steps following their recent meeting on supply chain issues. They plan to consolidate notes and recordings from the sessions into a summary report. One participant suggests several immediate actions they can take, including providing information on supply chain mapping, optimizing packing and freight, and holding webinars on specific topics like 3PL providers or supply chain technologies. They also consider conducting additional targeted roundtable discussions in specific communities to gather more input. The team agrees to work on developing some initial educational materials and frameworks that can be easily shared with stakeholders. One participant offers to follow up individually with some participants to gain more detailed insights. Overall, they feel the sessions were successful in identifying key issues and potential areas for action, despite lower-than-expected attendance.

## Appendix B

### Meet the Team

#### *Supply Chain Canada (Manitoba)*

The Manitoba Institute of Supply Chain Canada is the largest association of supply chain professionals in Manitoba. For nearly 100 years, it has been the primary source of education and training for supply chain professionals. Supply Chain Canada (Manitoba) advocates for the adoption of supply chain best practices to improve the productivity, competitiveness, and profitability of Manitoba companies.

#### *Manitoba Agriculture – Value Added Branch - Business Development Unit*

The Business Development Unit is dedicated to supporting sustainable growth of Manitoba's small, scalable food and agri-product companies. Our knowledgeable and experienced Business Development Specialists provide access to business and marketing consultations, strategic pathfinding, cutting-edge industry training and funding opportunities.

### Pre-Work

Supply Chain Canada, Supply Chain Manitoba and Manitoba Agriculture hosted two supply chain webinars to provide an overview of supply chains, what can happen if they are not managed well, how they can be used to improve your bottom-line and how to bench-mark them ahead of the focus groups. [Supply Chains: What They Mean To Your Food Business](#) was aired on January 14, and [Supply Chains: Competency Benchmarking Tool](#) went live on January 21, 2025. Both webinars can be found on [Manitoba Agriculture's YouTube](#) Channel under the [Food Talk](#) playlist.

### Focus Group Dates

To accommodate the industry in Manitoba, two focus groups were held. The first event was held January 28, 2025, at the Phoenix Centre at Headingley, and the second session was held virtually on January 29, 2025. A total of 32 industry professionals attended the one of the two events.

### Moderators

Focus group moderators for each of the sessions included Business Development Specialists from Manitoba Agriculture and Rick Reid from Supply Chain Canada – Supply Chain Manitoba.