

Cloud Accounting - automating your accounting processes with Johnston Carmichael

26th June 2023



Adam Hardie

Partner and Head of Food & Drink

Introduction to Johnston Carmichael

Largest accountancy firm in Scotland and **Top 20** UK firm

We have **60** Partners and **830** staff across **14** offices

We audit more **Top 100** privately owned companies in Scotland than any other accountancy firm

advise **550** food & drink producers across UK

Have international capability as member firm of  **MOORE**

members of  **fdf** food & drink federation
passionate about food & drink

SCOTLAND
FOOD & DRINK



JOHNSTON
CARMICHAEL 

Extreme times in Food & Drink



JC Food & Drink Industry Report Jan'23

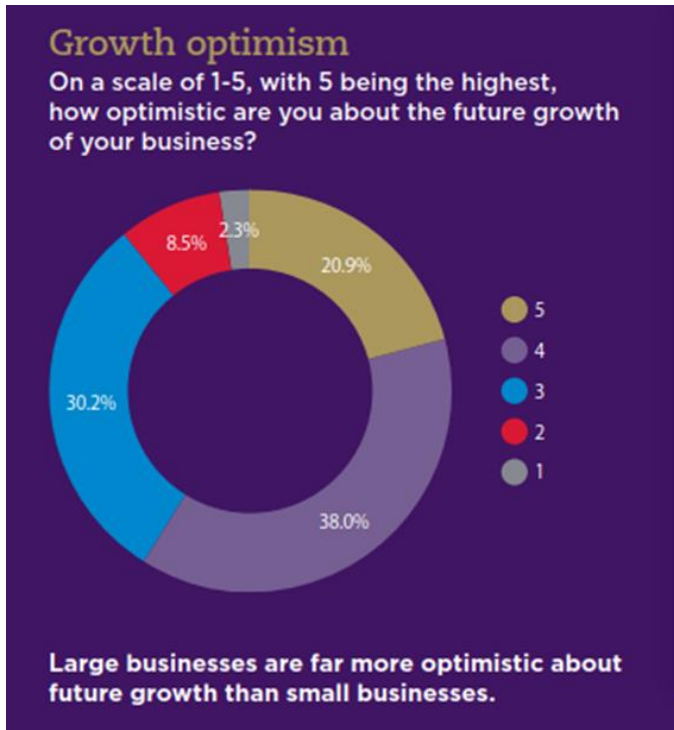


129 companies

- **Level of optimism**
- **Increasing costs & mitigation**
- **Labour, automation & innovation**
- **Impact on journey to net zero**
- **Access to funding**

Business Health

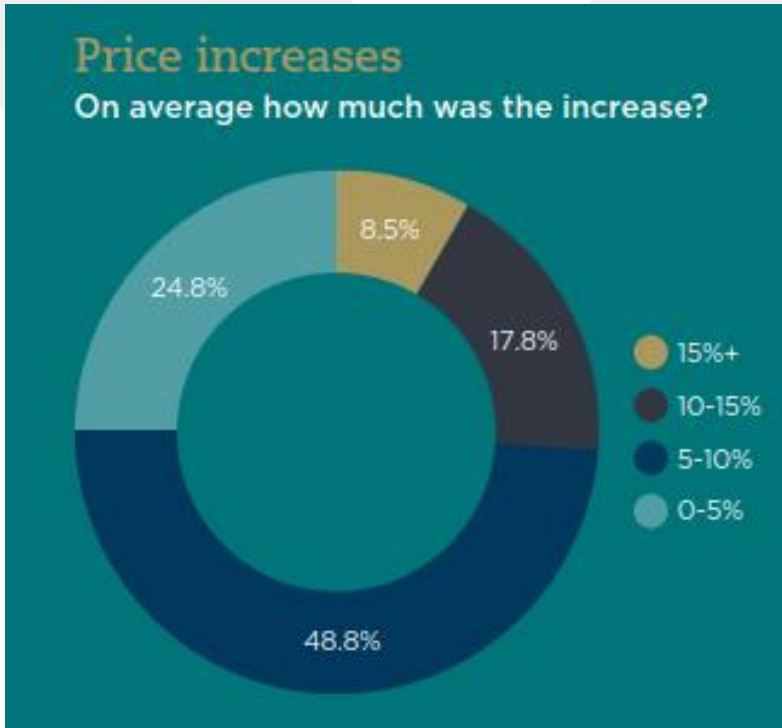
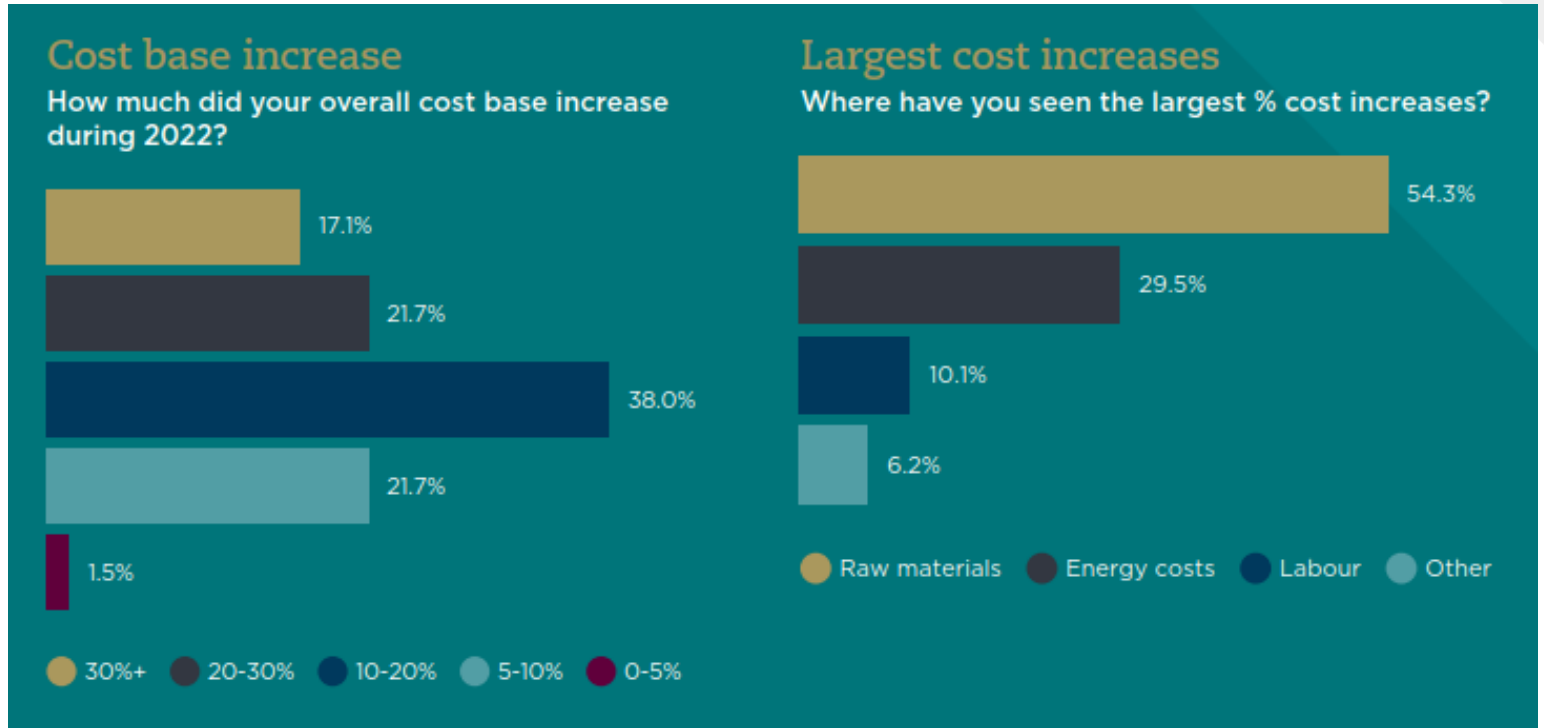
JC Food & Drink Industry Report Jan'23



59% were optimistic or very optimistic

Cost & Price Increases

JC Food & Drink Industry Report Jan'23



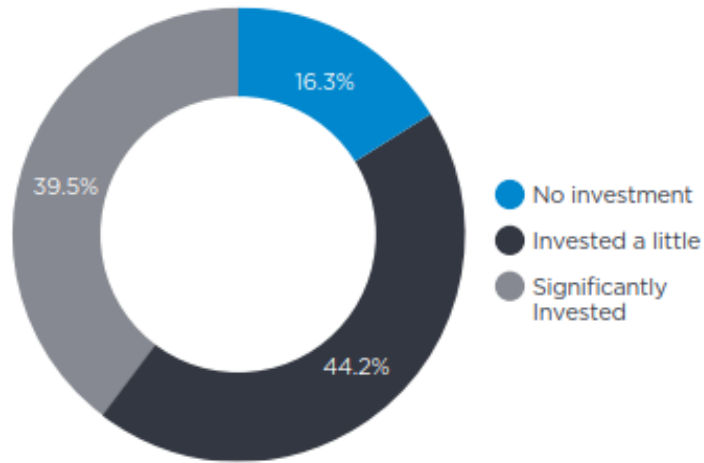
There is a significant disconnect between escalating input costs (on the left) and price increases (on the right) - highlighting the constant challenge of managing costs !

Investment in Innovation & Automation

JC Food & Drink Industry Report Jan'23

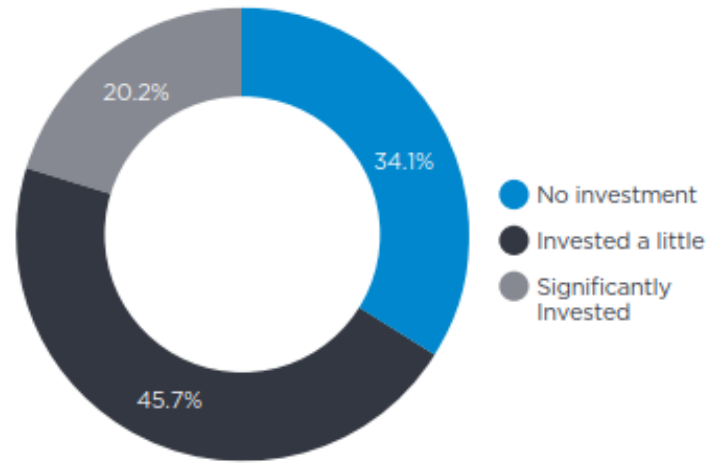
Innovation investment

How significantly have you invested in innovation or new product development in the last 12 months?



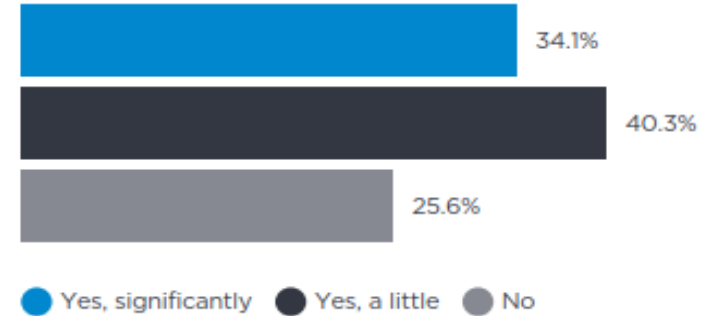
Automation investment

How significantly have you invested in automation with an objective to reduce your costs and/or improve productivity in the last 12 months?



Constraints on investment

Have your plans for investment in new product development and automation been constrained due to lack of resource?



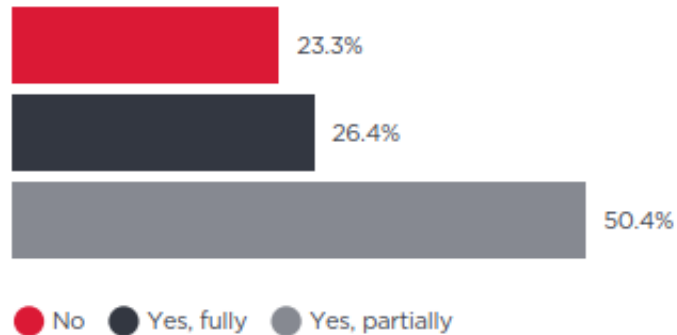
Ability to innovate may be reserved to larger companies, however innovation is for all - and skilled people drive innovation

Funding for Growth

JC Food & Drink Industry Report Jan'23

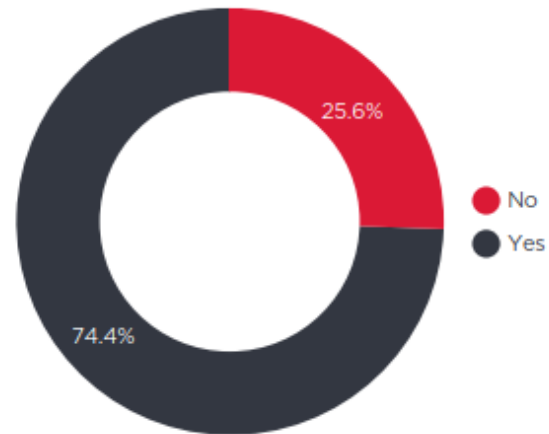
Financial forecasting

Do you have robust financial forecasting tools and processes that allow you to undertake scenario planning, assess opportunities and risk, make strategic decisions and identify funding requirements?



Funding requirements

Have you identified the level of funding which can be met from cash resources of your business, versus what is potentially required from external sources?



Financial forecasting, cash management and funding are crucial to enable informed decision making - considering the level of funding which can be met from cash resources versus what is potentially required externally

Transition to Net Zero

JC Food & Drink Industry Report Jan'23

Sustainability is high on the agenda

The businesses with an existing sustainability strategy varies significantly depending on size. In general, the larger the business, the greater the importance placed on a sustainability strategy:



£0-1m turnover

25% said yes to having a strategy

£1-10m turnover

42% said yes

£10m-100m turnover

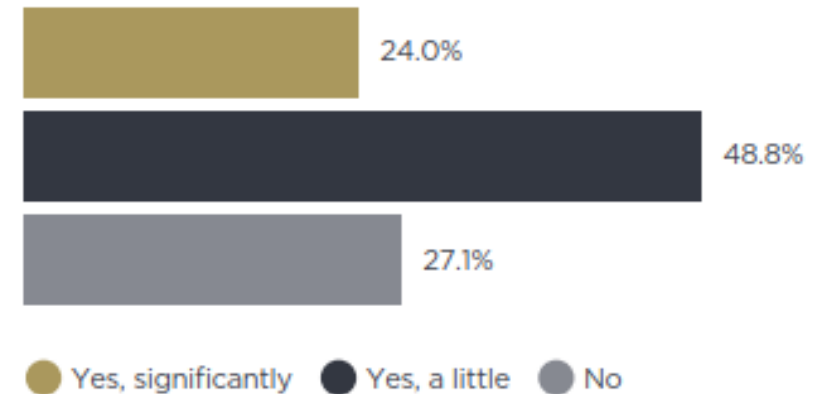
50% said yes

£100m+ turnover

88% said yes

Impact of inflation

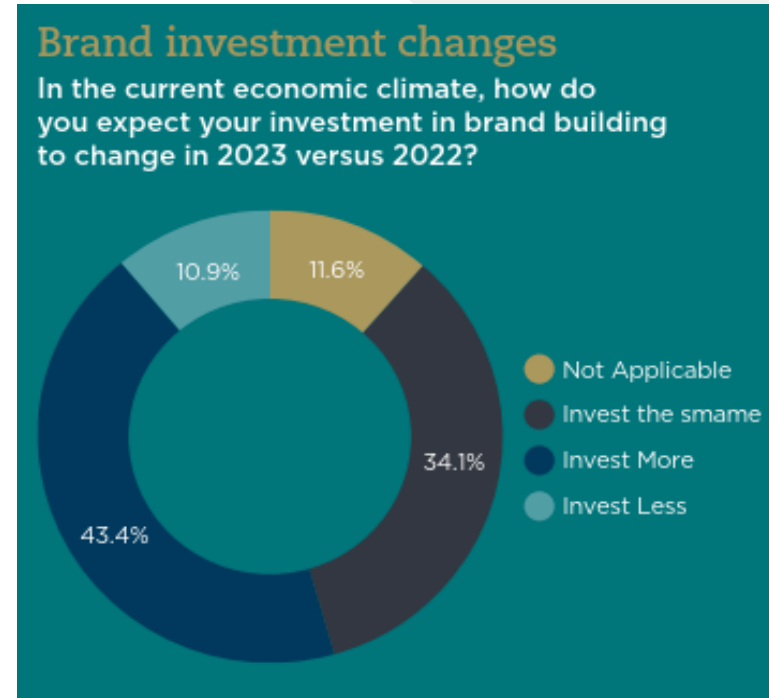
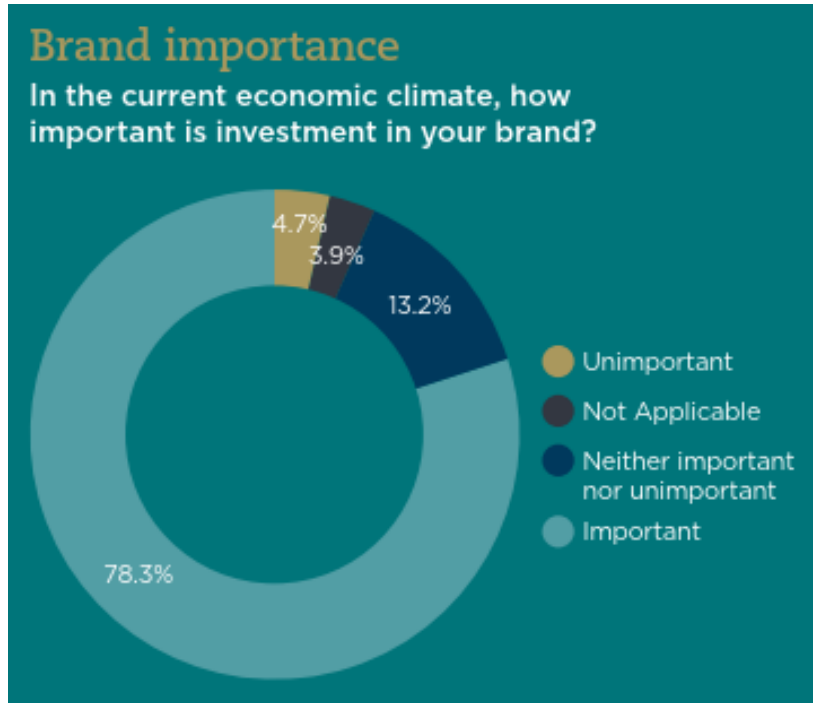
Have your sustainability plans been negatively impacted by the rising cost of inflation?



Investment in the journey to net zero has slowed in the last 12 months – small business in particular

Investment in Brand

JC Food & Drink Industry Report Jan'23



Priority areas for brand development Jan'23 are enhancing profit margins, reviewing promotional strategy, retail distribution and securing a price increase

Final Thoughts

JC Food & Drink Industry Report 2022

- Brexit - Covid - War in Europe - raw materials, energy, labour & supply chain, food inflation now a 45 year high - unprecedented extreme times
- Focus on areas to mitigate increasing costs - use of forward contracts, investing in automation and operational efficiencies (avoid expensive agency labour by strengthening production forecasting to reduce seasonal spikes.)
- Automation may be a tough proposal to take to the board – but skilled people drive innovation
- **CMAT** a Johnston Carmichael tool allows food manufacturers to optimise purchasing of raw materials and improve product pricing - visibility of impact of raw material and labour cost changes and models the impact of product pricing decisions.
- Financial Forecasts help you make what you have got work better and are part of wider strategic plan – where do you want to get to and how can we help you get there
- We need to eat, and planet needs more food - food & drink is an industry of resilient innovators - 59% are optimistic or very optimistic about the year ahead

Challenges of your finance functions

Training needs for new and existing staff

Bad processes or systems preventing business growth

Wasting time on manual tasks, inputs & duplication

Poor bookkeeping records leading to increased year end accounting costs

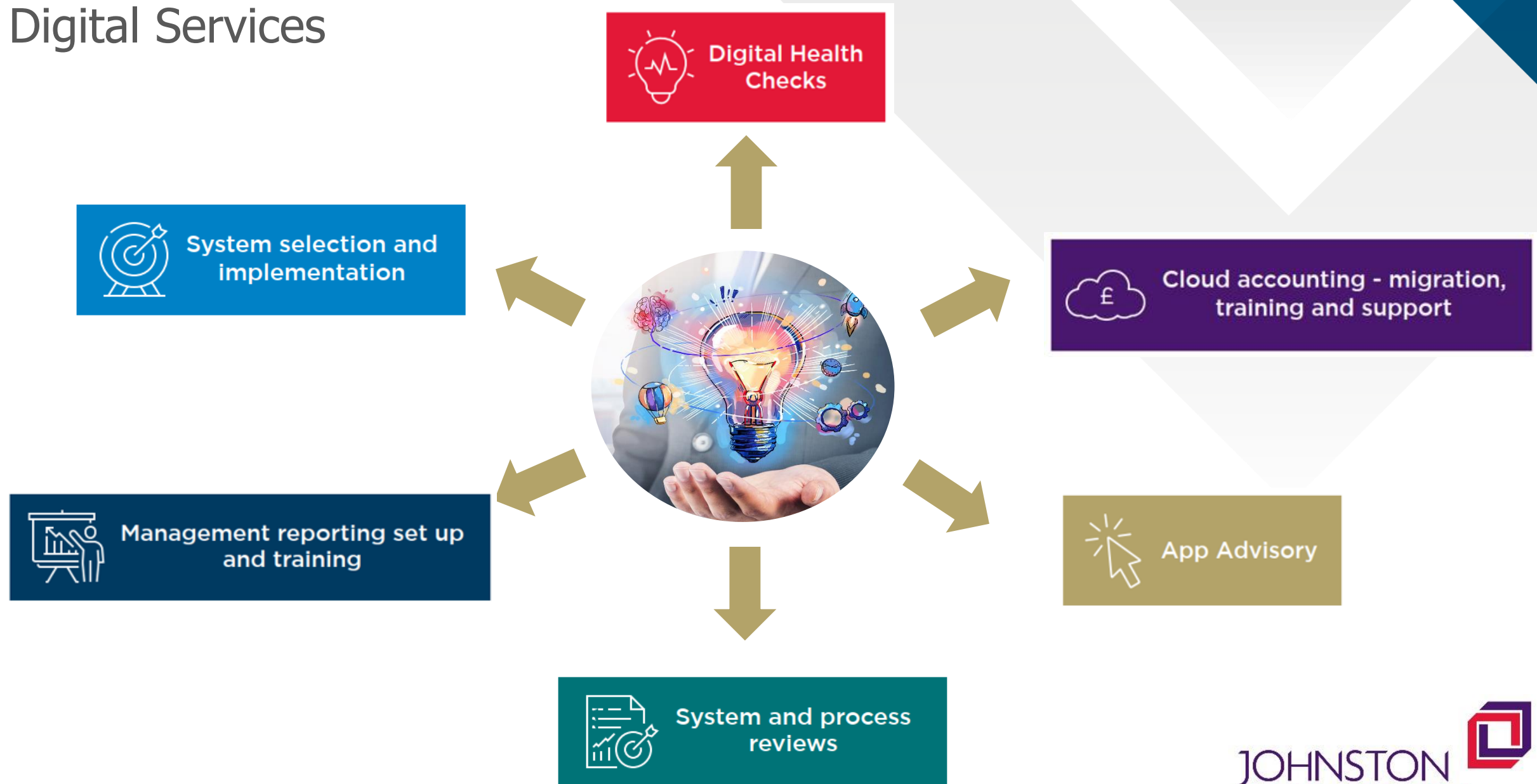
Not getting real time data insights to make better decisions

Businesses that have scaled up: outgrown current systems

Swamped with paperwork



Digital Services



Case Study 1 – Food Manufacturing Business

Turnover – £5.3 million

Problem – Expensive accounting package, manual inputs, spending hours creating management and cashflow reports.

Time saved – 4 days per month

Costs saved – over £10k per annum

Improvements made;

- New cloud software
- Bank feeds
- Data capture
- Management & cashflow reporting

Improvements suggested;

- E-commerce
- Approval system/process



Case Study 2 – Leisure & Food & Drink Retail

Turnover – £1.8 million

Problem – New FD didn't like current finance set up, manual entries, inaccurate and time-consuming reporting, cashflow issues, opening new restaurant.

Time saved – 3 days per month

Costs saved - £1k per month

Improvements made

- Data capture
- Management & cashflow reporting

Improvements suggested

- Inventory management
- Credit control



App Stack for Food & Drink Small to Medium Size business



Xero Migration & Training
Digital Health Checks
System Reviews
App Advisory



Free 30-minute Digital Consultation

digitalservices@jcca.co.uk



JOHNSTON
CARMICHAEL 


Online Poll



Where sharp minds meet

jcca.co.uk



An independent member firm
of Moore Global Network Limited  **MOORE**