TOOL USER GUIDE

PRODUCTION MODEL

CONTENTS

OVERVIEW

This helpful tool forms part of our Trading and Planning module and allows you to manage costs, measure profitability based on real figures and improve production planning.

FEATURES INCLUDE:

- Build in-depth production plans including aspects such as costing scenarios, product confirmations, dispatch orders, intake data and product/financial reconciliations, storing all the information together on the system.
- Easily view your next steps as each step within the production model process is highlighted enabling you to keep on top of all necessary actions
- Import your product prices and use them in your product confirmations as part of your production model.
- Import your cost prices and input these into your costing scenarios as part of your production model to understand return on investment.

PREPARATION STATEMENT – CORRECT FUNCTIONING OF THE PRODUCTION MODEL

Please beware that the following System Tools must be populated correctly in order to allow the Production Model to function correctly within Foods Connected.

Supplier / Customer Manger: Reference Training Manual …

Company Product File: Reference Training Manual …

Yield Tree: Reference Training Manual …

Price File: Reference Training Manual …

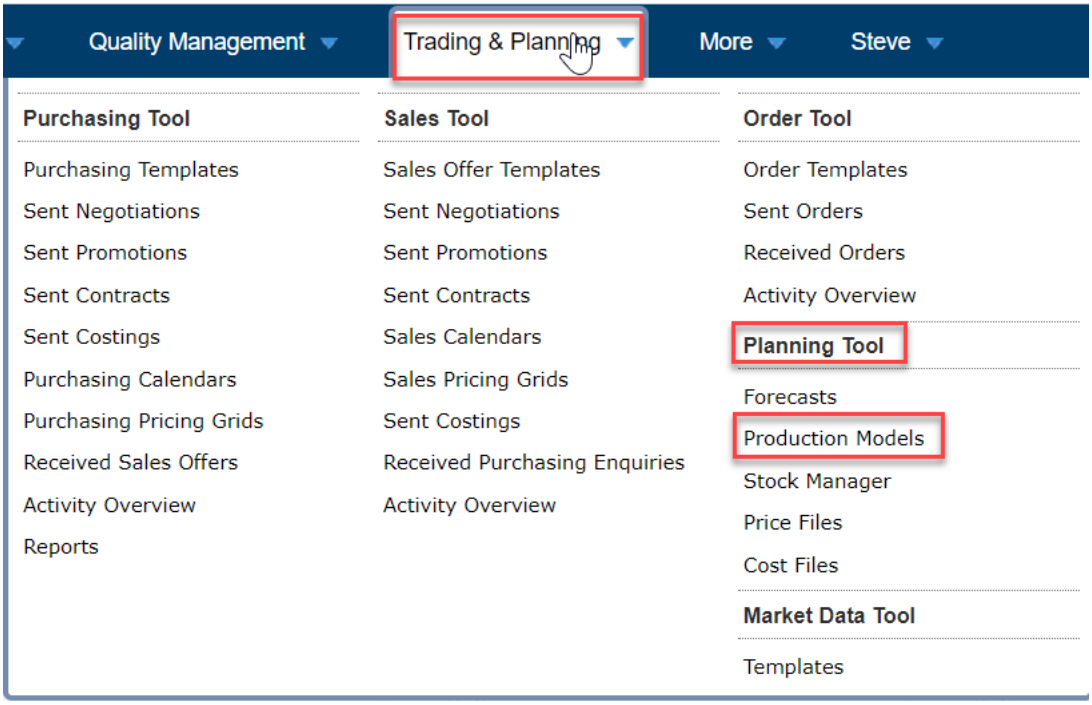
Cost File: Reference Training Manual …

1. SETUP PRODUCTION MODEL TEMPLATE

1.1 ACCESSING THE PRODUCTION MODEL

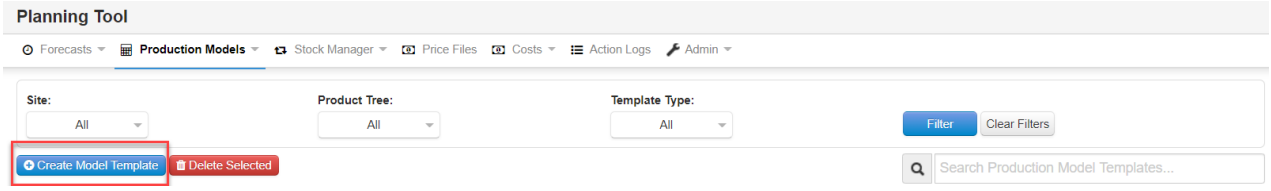
This section outlines how to build a Production Model within the Trading & Planning tool, giving an in-depth understanding of the functionality available.

Step 1: Sign in and go to ***Trading & Planning > Planning Tool > Production Models***

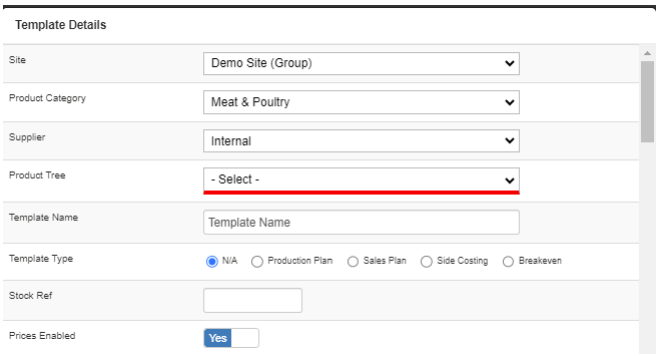


1.2 CREATE A NEW PRODUCTION MODEL

Step 1: Click on ***Create Model Template***



1.3 PRODUCTION MODEL TEMPLATE – PRODUCT AND TEMPLATE INFORMATION



Site: Company Site who will be raising the Production Model

Product Category: Determines the category in which the model is being built to service

Supplier: Can be ***Internal*** which is relevant if the user is raising a Model for their own Factory or, can be created and shared to an ***External Supplier***

Product Tree: Default ***Yield tree*** create for production**.**
Note: For Yield Tree Information please refer to guide.

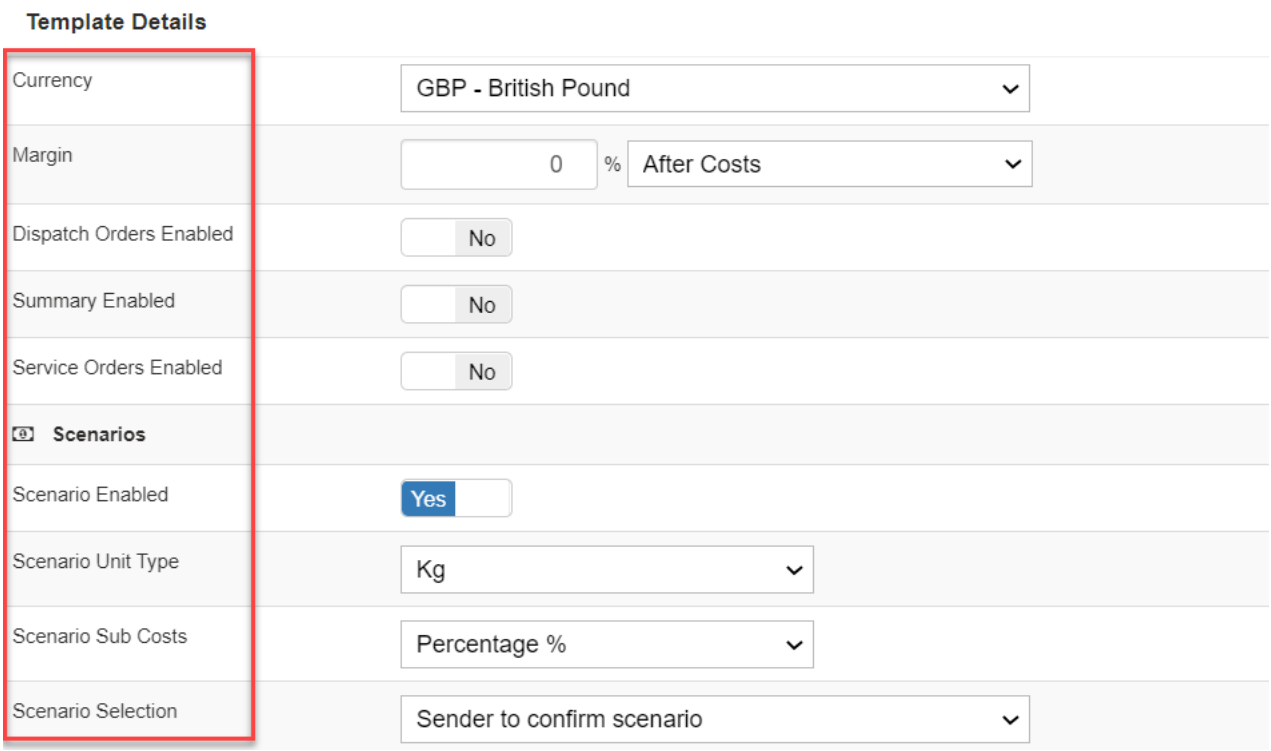
Template Type: You can select the types of templates you want to create (N/A, Production Plan, Sales Plan, Side Costing, Breakeven)

Template Name: Default Production Model Title

Template Type:
Production Plan - External Customer Production
Sales Plan – used internal to project performance
Side Costing – Internal financial costing option to generate prices to breakeven

Stock Ref: Internal Company Reference

Prices Enabled: Yes – Allows Price File to Link to Production Model



Currency: How any financial figures are to be presented

Margin: Option to determine if you want to view how your financial summary looks against a margin. Can be apply before or after costs

Dispatch Orders Enabled: Yes – Allows Dispatch orders to be generated from the production plan

Summary Enabled: Yes – Allows for Production & Cost summary to be generated after

Service Orders Enabled: Yes – If you are using the Production Model to generate a plan for a supplier whom you pay for the deboning service, you can have a Purchase order raised based on the output volumes and Costs to pay for that service.

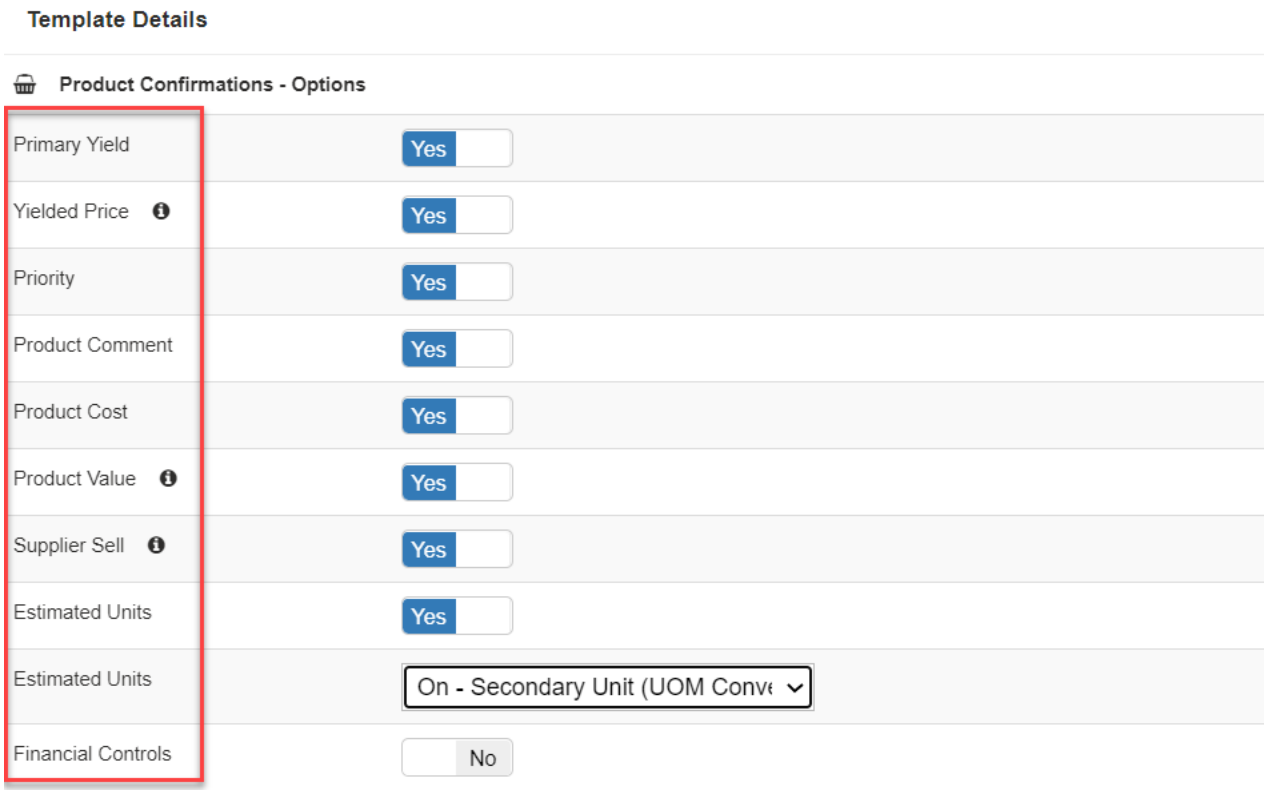
Scenario Enabled: Yes – Allows % allocation to different Yield tree recoveries

Scenario Unit Type: Unit Type used for determining Default Production Scenario

Scenario Sub Costs: Determines the unit format for allocating volume to the plan

Scenario Selection: Nominates party responsible for confirming production plan

Plan Based on Kg: If yes, you are generating a plan based on the unit of measure in kilograms (kg)



Primary Yield: Yes – Presents the expected Yield figure from the Yield tree selected

Yielded Price: Yes – generated the value of the product as a primary drop using the values of the offcuts and yield

Priority: Yes - Allows user to communicate production priority by product

Product Comment: Yes - Allows user to communicate specific commentary by product

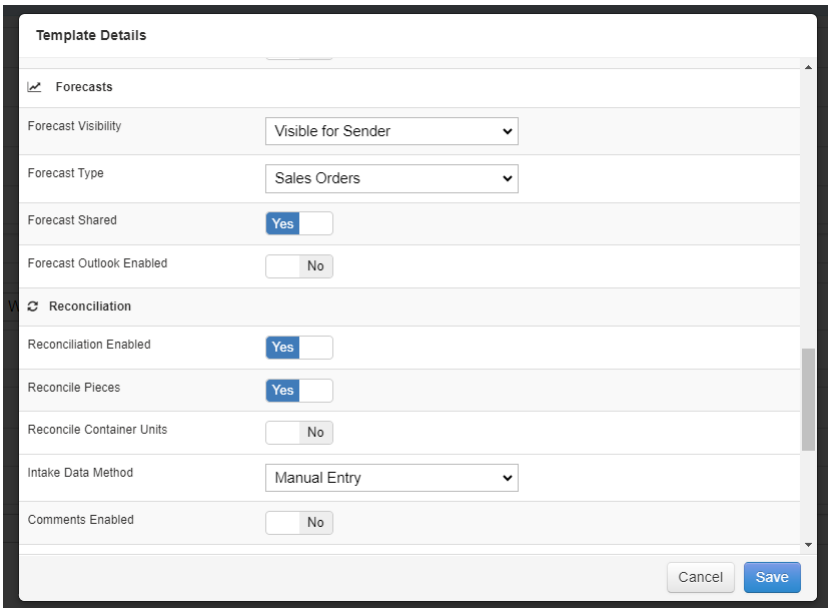
Product Cost: Yes – Shows any additional cost outlined in the Cost File as a Total Figure

Product Value: Yes – Shows total Value by product by multiplying Price **x** Expected Volume

Supplier Sell: Yes – Allows you select the product as something you cannot take therefore the supplier must sell

Estimated Units: Based on Product File Setting: Provides secondary units i.e. Crates, Cartons

Financial Controls: No – This is the function which allows the Side costing information to be generated. For Financial pricing ONLY



Forecast Visibility: Allow the Forecast figures to be visible when creating the Model

Forecast Visibility: Select the type of forecast you want to see from this template

Forecast Shared: Allow the Forecast figures to be shared with a Supplier

Forecast Outlook Enabled: Enables Forecast Outlook

Reconciliation Enabled: Enables Production Reconciliation for Suppliers

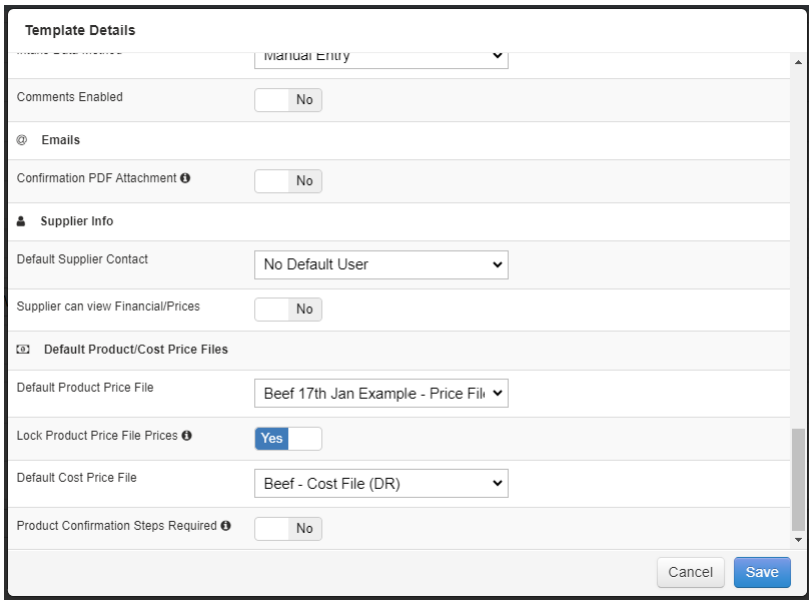
Reconcile Pieces: Yes – Requirement for Suppliers to report production pieces recovered by product (determined on Product Code Setup, Important for Yield Measurement)

Reconcile Container Units: System generates Secondary units based on Product Code Setup

Intake Data Method:

- **Link to Order** – Requires supplier to upload intake file AND link to purchase order for livestock
- Intake File – Requires supplier to upload intake file only
- Manual Entry – Requires supplier to enter number of head, kg and cost of process

Comments Enabled: Enables sender & supplier commentary on Production Reconciliation



Confirmation PDF Attachment: Yes – Enables a PDF of the Plan to be shared with the Customer / Supplier

Default Supplier Contact: Determines Default Supplier (receiver of production plan/model)

Supplier can view Financial/Prices: Enables supplier to view Cost/Service Charges summary

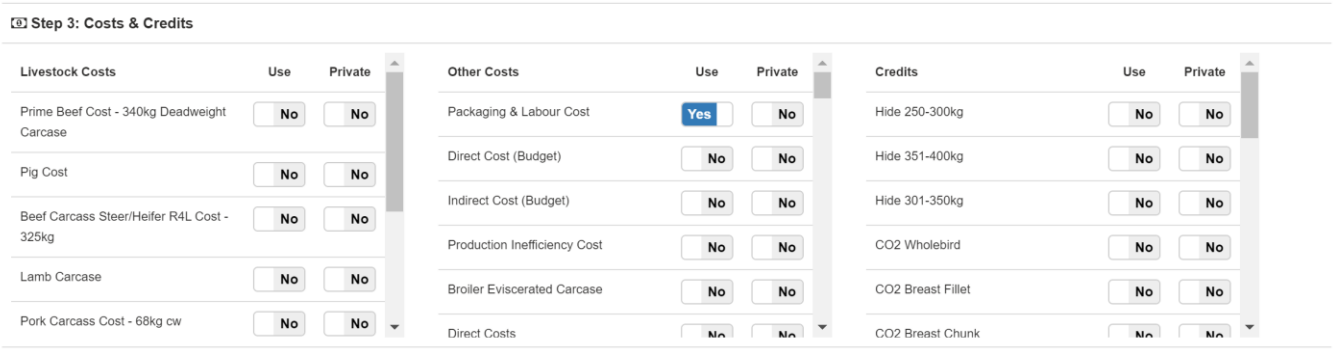
Default Product Price file: Default Price File (Sender's cost by product)

Lock Product Price File Prices: Locks the prices within the Model meaning they cannot be changed

Default Cost Price File: Default Cost File (Supplier's Service Charges)

Step 1: Click on ***Save*** to confirm the fields you have selected

1.4 PRODUCTION MODEL TEMPLATE – COSTS & CREDITS



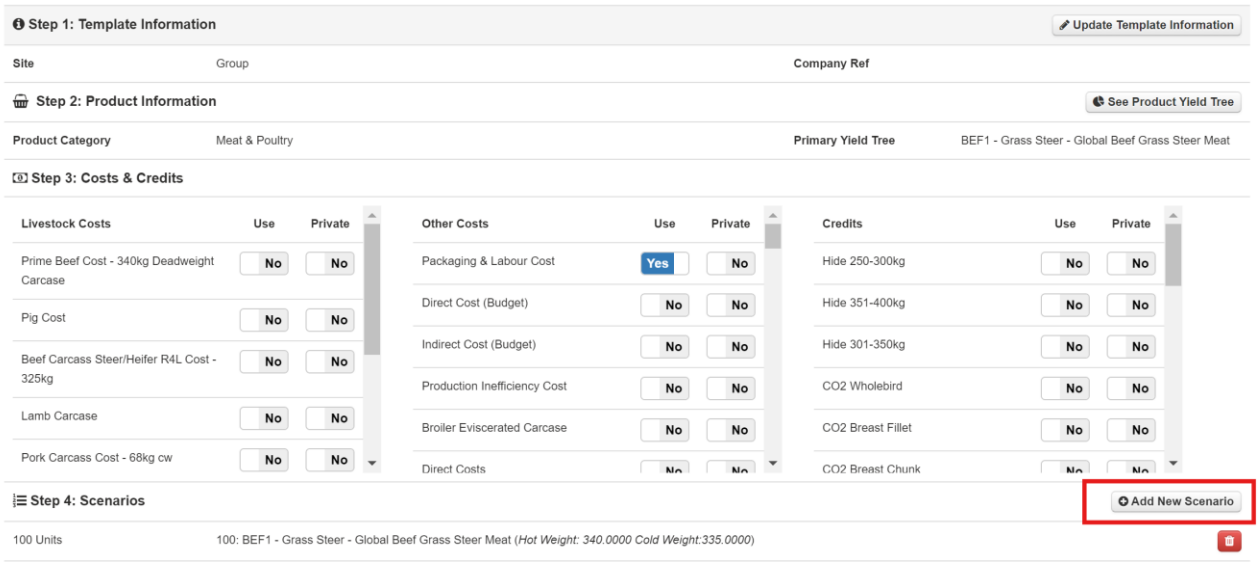
Livestock Costs: Refers the price paid for the animal being de boned. Livestock Costs should be switched on if measuring margin against **processing costs & revenue**

Other Costs: Refers to additional costs to the site for processing the animals. If you are Paying for the deboning as a Service, the costs selected as **YES** will flow through to a **Service Order**

Note: To understand where the Costs and Credits pull from please refer to Point 2 in the Cost File training Guide

1.5 PRODUCTION MODEL TEMPLATE – SETUP PRODUCTION SCENARIO

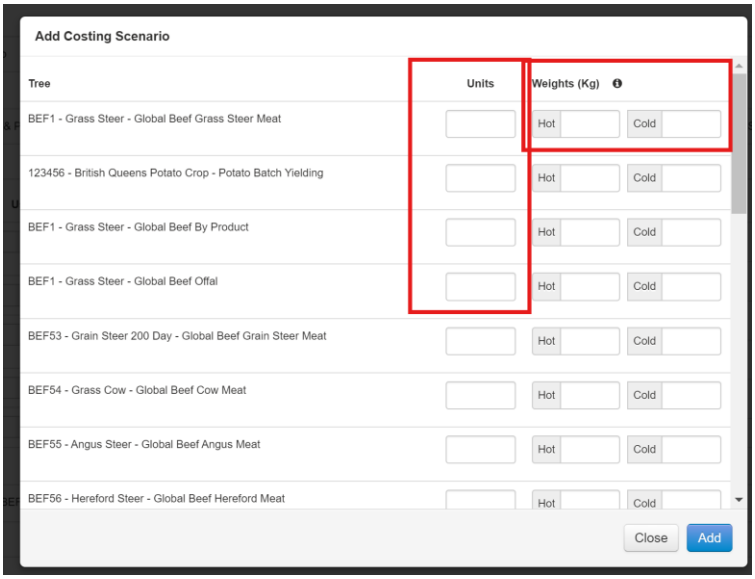
Step 1: Select ***Add New Scenario***



Step 2: Locate the yield tree code and description you want to de bone against

Step 3: In the ***Units*** column enter the total number of animals you wish to de bone

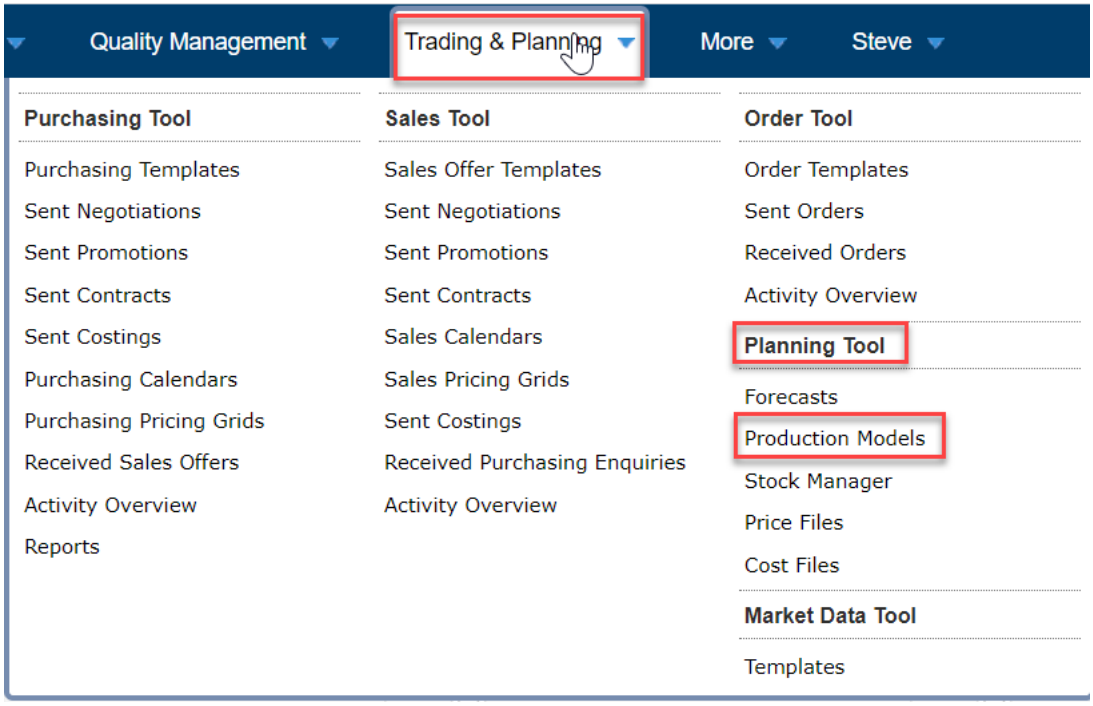
Step 4: Populate the average ***Hot*** and ***Cold*** weight of these animals



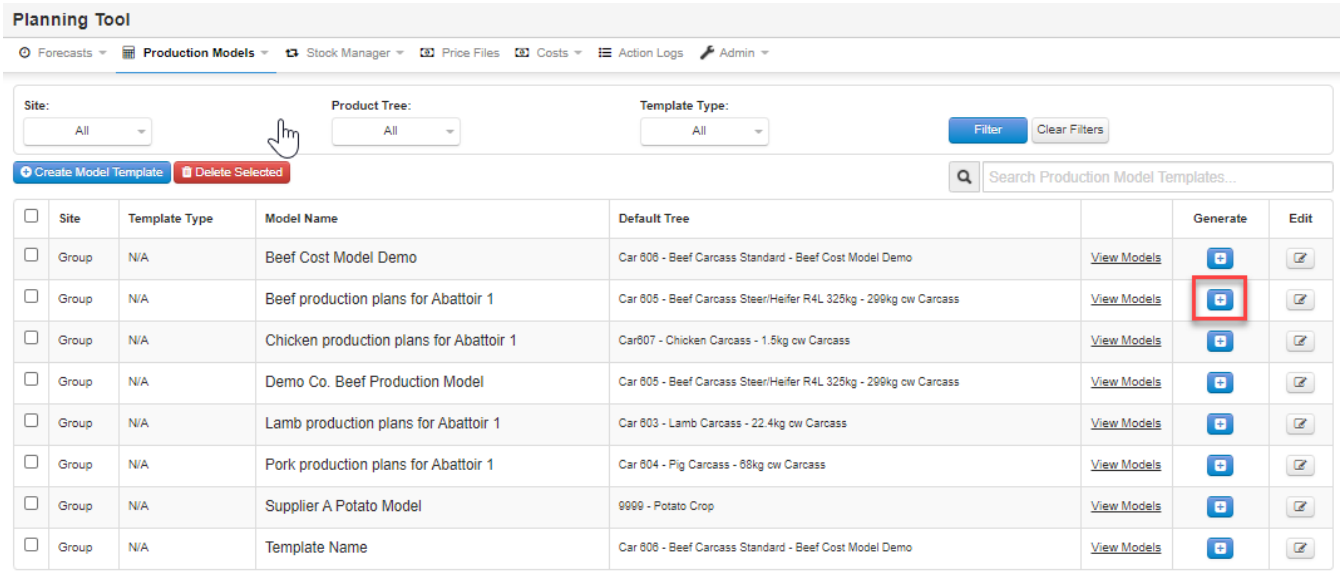
Step 5: Select ***Add*** to confirm the scenario

2. GENERATING PRODUCTION MODEL

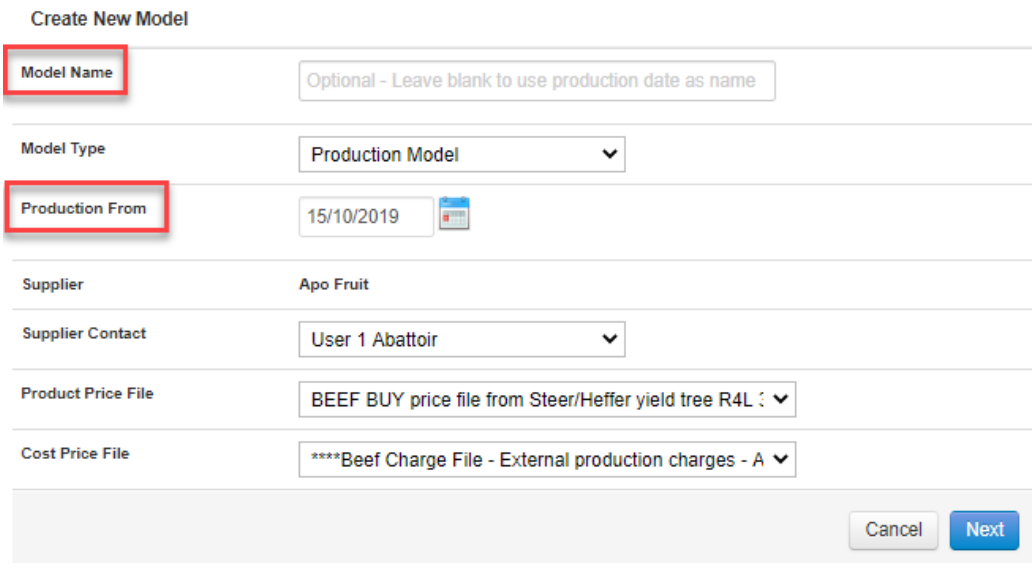
Step 1: Sign in and go to ***Trading & Planning > Planning Tool > Production Models***



Step 2: Select the model in which you want to raise by clicking on the blue ***Generate*** icon

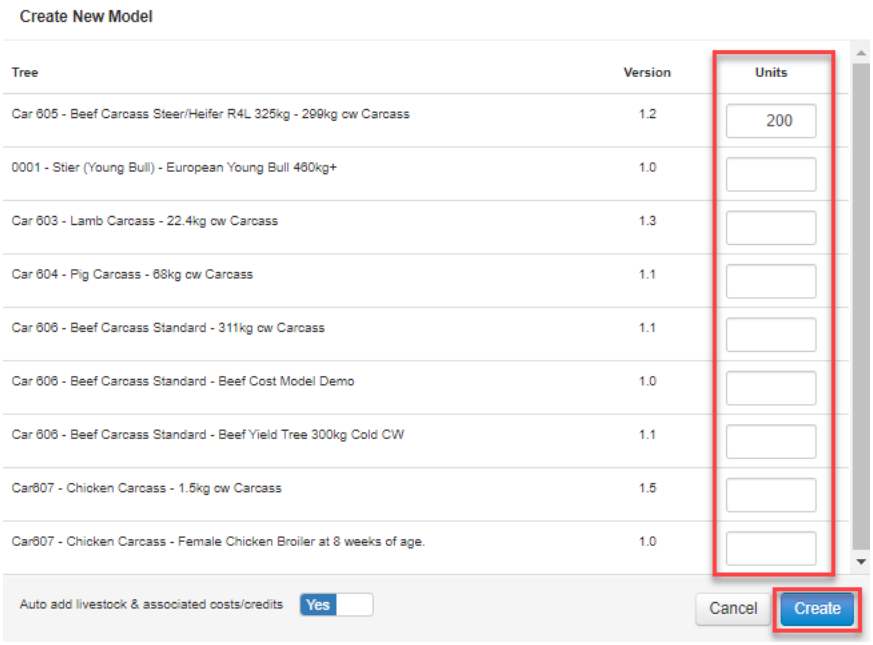


Step 3: Type in the ***Model Name*** and select the '***Production From*** ' date > followed by ***Next***



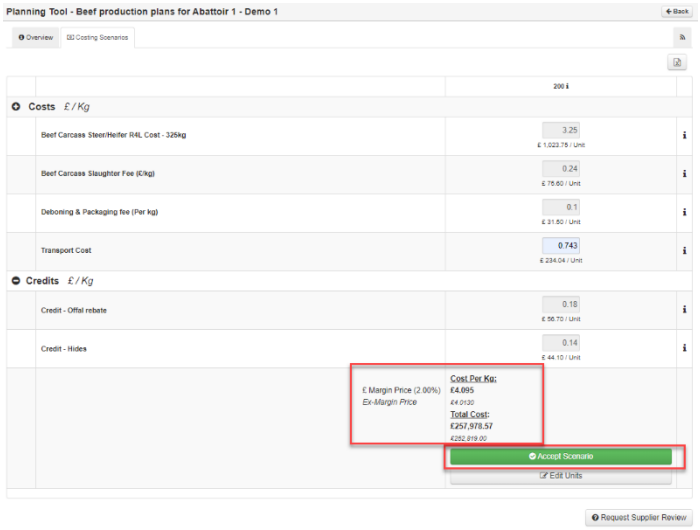
Step 4 Confirm the Scenario by entering the Number of head you intend on Producing in the ***Units*** column > followed by ***Create***

Note: Yes - Auto Add Livestock & associated cost / credits *will pull the prices assigned in the* ***Cost File*** *automatically*



2.1 GENERATING PRODUCTION MODEL – COSTING CONFIRMATIONS

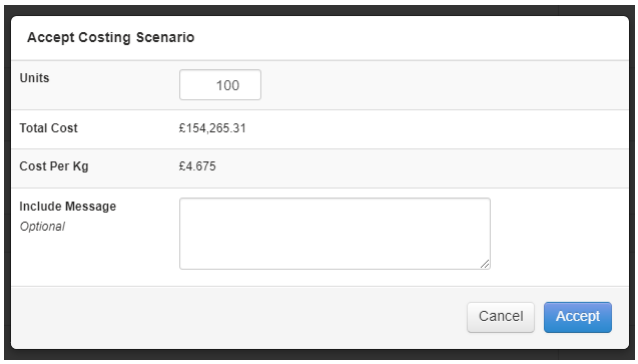
Step 1 You will be directed to the ***Costing Scenarios*** tab within the ***Production Model*** where you are required to ***Accept Scenario*** by clicking on the green Icon



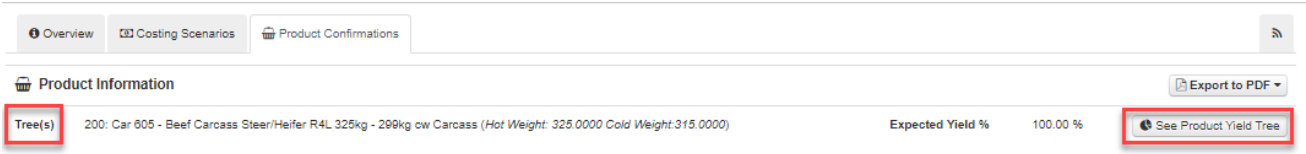
Note: *All costs are presented as* ***a Cost Per Unit*** *shown within the box* ***Per Kg*** *figure with the directly below*

Summary Box:
Shows a Total cost per Kg and a Total cost per unit summary.
If there is a ***Margin*** *figure included, it will provide you with a breakdown of the costs including and excluding margin as per the above image.*

Request Supplier Review
This gives the ***Supplier*** *the opportunity to confirm their acceptance of the cost also*

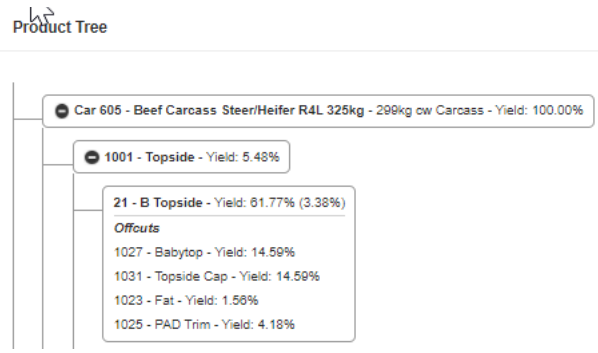


2.2 GENERATING PRODUCTION MODEL – PRODUCT CONFIRMATIONS

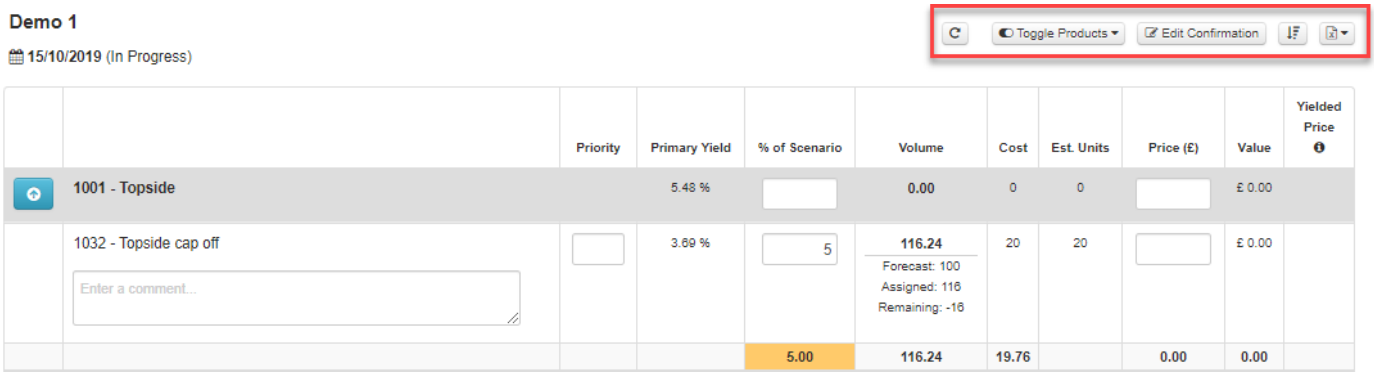


Tree(s): Shows the ***Yield Tree*** the expected figures are relating to

See Product Yield Tree: Allows you to view the ***Yield Tree*** in more detail as presented below:



Options: Shown below working from left to right



Arrow: Allows you to **Re – Use Previous Confirmation** details around the volume allocation

Toggle Products: Gives the ability to ***Collapse*** or ***Open*** all available lines in the yield tree

Edit Confirmations: Allows you to edit the confirmation, in particular, the ***Units*** (number of animals being used) and the **Currency** being presented on screen

Downward Arrow: Allows you to sort the ***Yielded Prices*** available from best to worst

Excel Icon: Allows you to both ***Export*** and ***Import*** templates

Step 1: Set Production Priority (The order of which you want the items produced)

Step 2: Set % Scenario (i.e. 60 % implies 120 Head based on a Total Scenario of 200 Head)

Note:
The ***i*** icon indicates internal ***Yield / Spec comments***
% Scenario must sum ***100%*** for every drop. Will show as ***Green*** when fully allocated

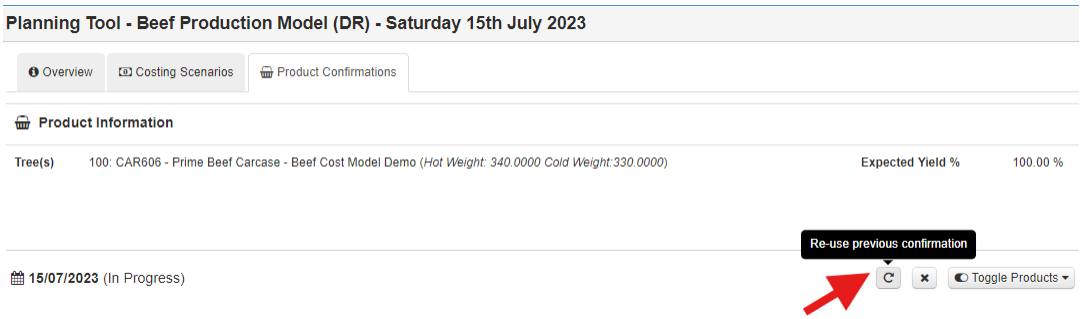
Demo 1

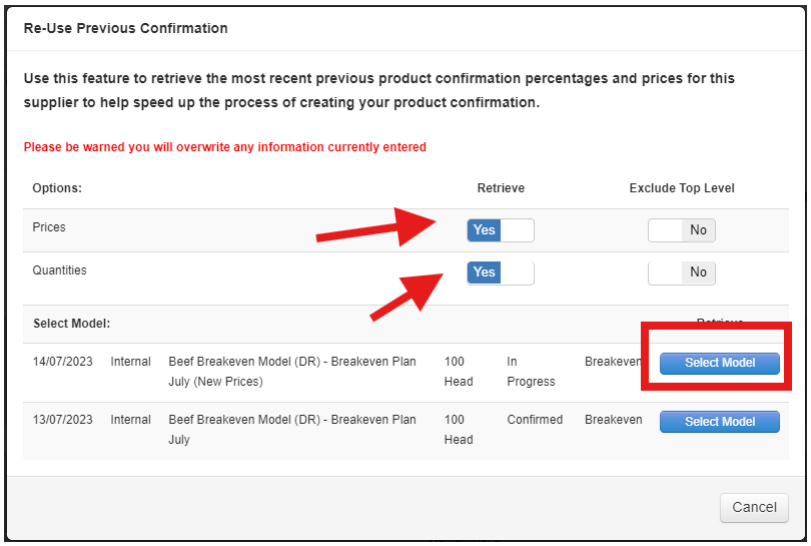
15/10/2019 (In Progress)

Toggle Products | Edit Confirmation

	Priority	Primary Yield	% of Scenario	Volume	Cost	Est. Units	Price (£)	Value	Yielded Price
1001 - Topside		5.48 %		0.00	0	0		£ 0.00	
1002 - Silverside		5.37 %		0.00	0	0		£ 0.00	
22 - TTS Demo	2	5.37 %	60	2,030	345	240	5.780	£ 11,732.59	
27 - Casserole Steak Enter a comment...		3.41 %		0.00	0	0		£ 0.00	
24 - Diced Enter a comment...	1	3.32 %	40	836.03	142	80	6.20	£ 5,183.40	
28 - Stir Fry Enter a comment...		3.02 %		0.00	0	0		£ 0.00	
1033 - 98vl trim Enter a comment...		0.00 %		0.00 Forecast: 100 Assigned: 0 Remaining: 100	0	0		£ 0.00	
29 - Silverbed Joint 500g Enter a comment...		2.43 %		0.00	0	0		£ 0.00	
30 - Silverbed Enter a comment...		3.36 %		0.00	0	0		£ 0.00	
			100.00	2,866.03	487.20		5.90	16,915.99	

You can also reuse prices or quantities from previous confirmations or confirmed models by clicking the 'Re-Use Previous Confirmation' icon below. Select the option and choose the previous model.



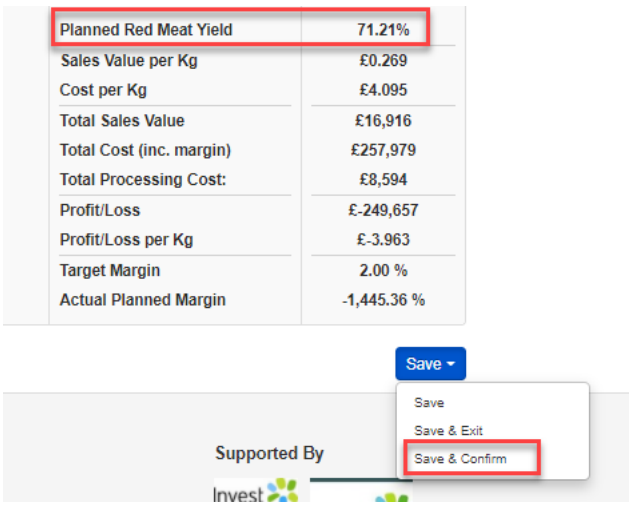


Step 3: Scroll to the bottom of the page and select ***Refresh Offcuts*** to ensure all drops have 100 % allocation

Step 4: Review ***Summary*** outlining expected performance based on the planned outputs

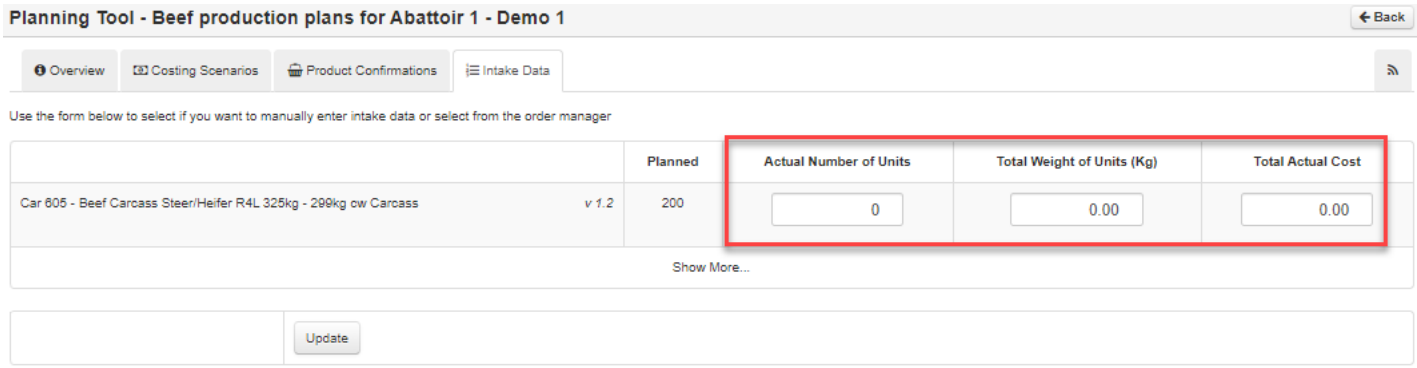
Note: **Red Meat Yield** is determined by the Product Code Categorized in the ***Yield Tree Set Up*** as ***Meat*** or ***Non-Meat***

Step 5: Select **Save and Confirm** once all drops have been allocated to 100 % and plan has been reviewed



2.3 GENERATING PRODUCTION MODEL – INTAKE DATA

Step 1: Enter the ***Actual*** production figures for the ***3*** Key fields presented which include: ***Actual Number of Units***, ***Total Weight of Units (kg)*** and ***Total Actual Cost***



Step 2: Select ***Update*** to proceed to the ***Product Reconciliation*** tab

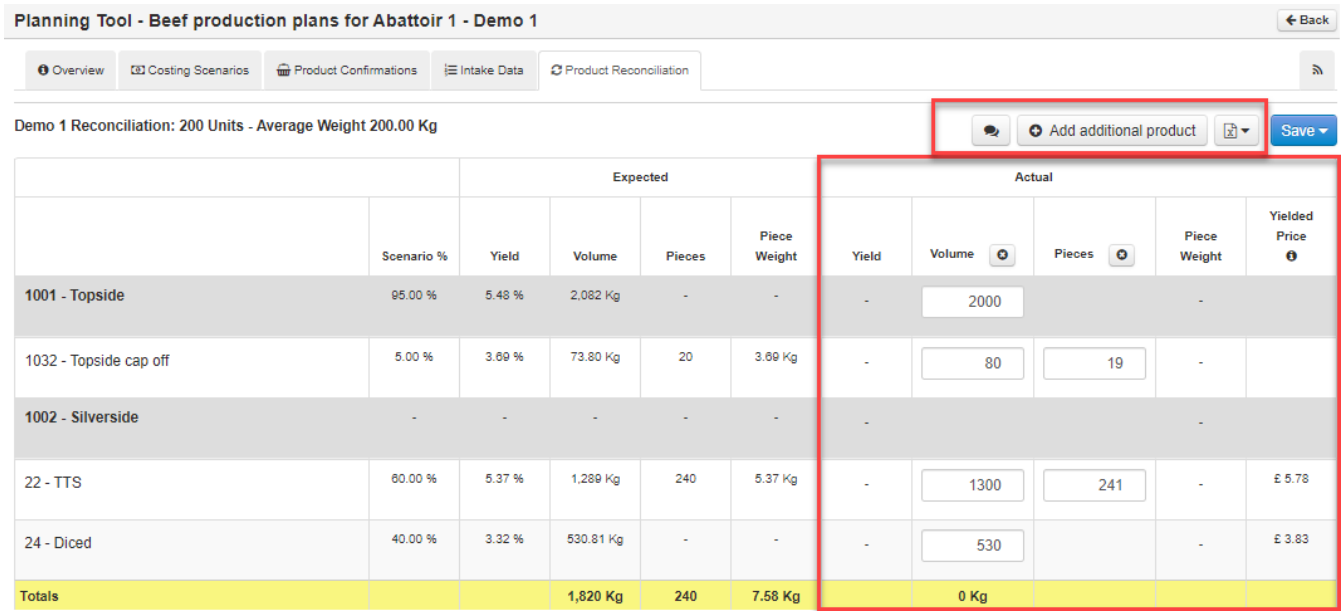
2.4 GENERATING PRODUCTION MODEL – PRODUCT RECONCILIATION

Step 1: Enter the ***Actual*** production figures for the ***3*** Key fields presented which include: ***Actual Number of Units***, ***Total Weight of Units (kg)*** and ***Total Actual Cost***

Speech Bubble Tab: Allows you to **Add Comments** against each line item produced

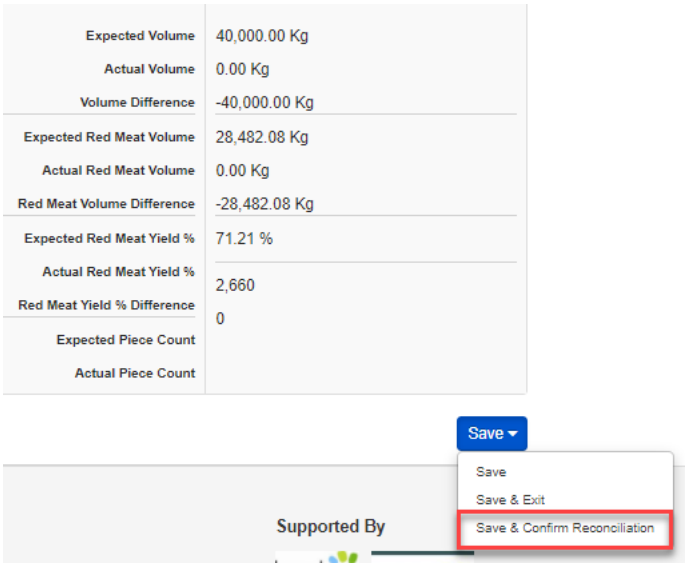
Add additional product: Allows you to add a product that was produced outside of the original product confirmation request

Excel Tab: Allows you to **Export & Import** the Reconciliation format



Step 1: Populate the ***Actual Volume*** produced along with the ***Actual Pieces*** produced

Step 2: Select ***Save & Confirm Reconciliation***



Step 3: Review the ***Actual Reconciliation*** vs. the ***Expected Reconciliation***

Note: *the blue icons below the actual figures represent the difference between the expected and actual*

Demo 1 Reconciliation: 200 Units - Average Weight 200.00 Kg

		Expected				Actual				
	Scenario %	Yield	Volume	Pieces	Piece Weight	Yield	Volume	Pieces	Piece Weight	Yielded Price
1001 - Topside	95.00 %	5.48 %	2,082 Kg	-	-	5.00 %	2000.00		-	
						-0.48 %	-82 Kg			
1032 - Topside cap off	5.00 %	3.69 %	73.80 Kg	20	3.69 Kg	4.21 %	80.00	19	4.21 Kg	
						+0.52 %	+6 Kg	-1	+0.52 Kg	
1002 - Silverside	-	-	-	-	-	-			-	
22 - TTS	60.00 %	5.37 %	1,289 Kg	240	5.37 Kg	5.39 %	1300.00	241	5.39 Kg	£ 5.78
						+0.02 %	+11 Kg	+1	+0.02 Kg	

2.5 GENERATING PRODUCTION MODEL – FINANCIAL RECONCILIATION

Expected: these figures are derived from the ***Product Confirmations tab*** outlining what should have been produced based on the ***yield tree*** and includes the line item value which is taken from the linked ***price file***

Actual: these figures are derived from the ***Intake Data tab*** outlining what was produced and includes the line item value which is taken from the linked ***price file***

Overview | Costing Scenarios | Product Confirmations | Intake Data | Product Reconciliation | Financial Reconciliation | Summary

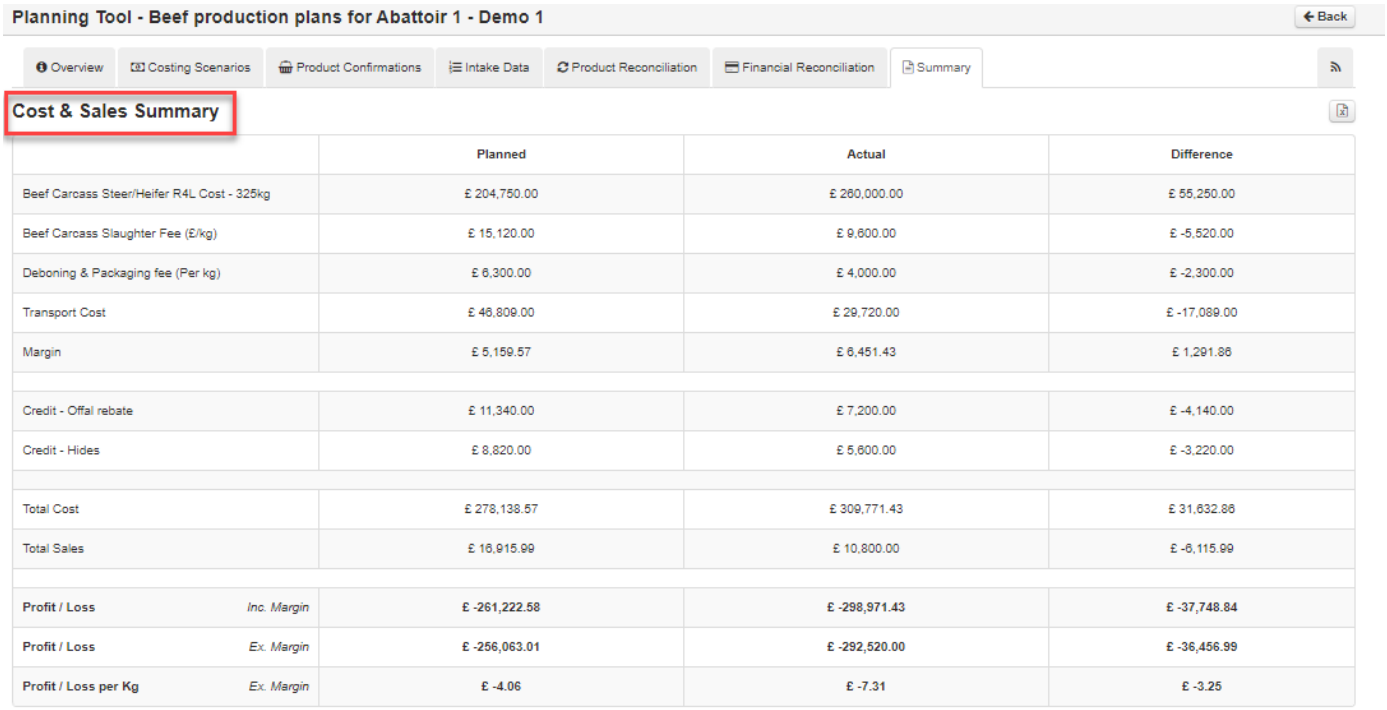
Demo 1 Reconciliation: 200.0000 Units - Average Weight 200.00 Kg

		Expected		Actual		
	Price	Volume	Value	Volume	Value	Yielded Price
1001 - Topside	£ 0.00	2,082 Kg	£ 0.00	2000.00 Kg	£ 0.00	
					+ £0.00	
1032 - Topside cap off	£ 0.00	74 Kg	£ 0.00	80.00 Kg	£ 0.00	
					+ £0.00	
1002 - Silverside						
22 - TTS	£ 5.78	1,289 Kg	£ 7,449.26	1300.00 Kg	£ 7,514.00	£ 5.78
					+ £64.74	
24 - Diced	£ 6.20	531 Kg	£ 3,291.05	530.00 Kg	£ 3,286.00	£ 3.83
					£-5.05	
Totals		**1,820 Kg**	**£ 10,740.31**	**1,830 Kg**	**£ 10,800.00**	

2.6 GENERATING PRODUCTION MODEL – SUMMARY

This tab gives a summary of the Key Figures generated within the production model. This is broken down into two clear areas outlined below:

Cost & Sales Summary: Gives a view of financial performance based on the monetary figures presented in the Production Model



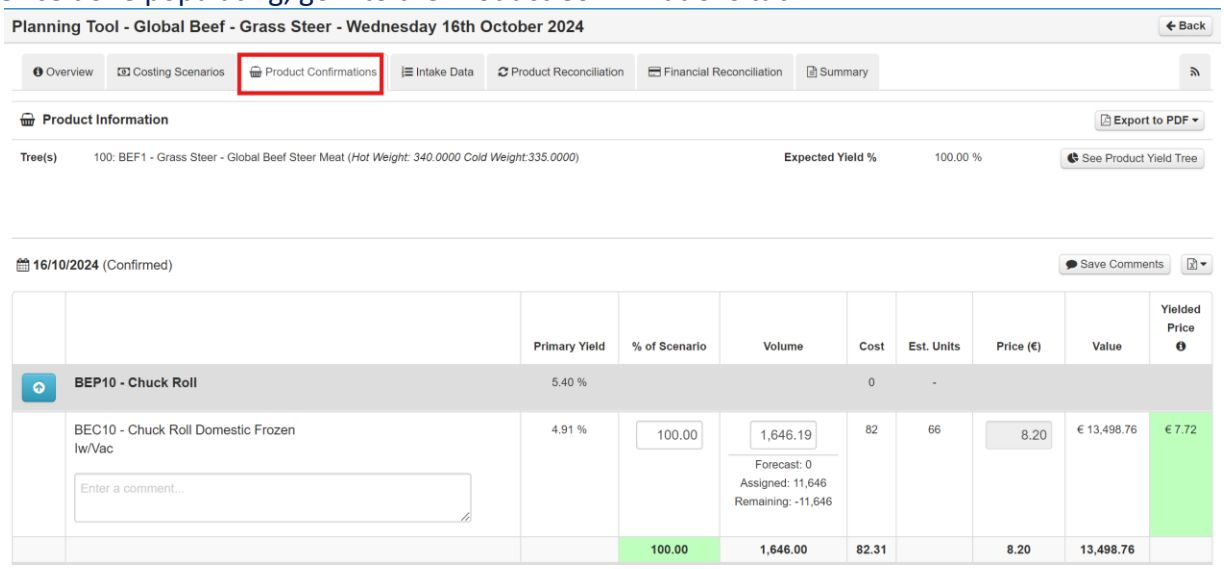
	Planned	Actual	Difference
Beef Carcass Steer/Heifer R4L Cost - 325kg	£ 204,750.00	£ 260,000.00	£ 55,250.00
Beef Carcass Slaughter Fee (£/kg)	£ 15,120.00	£ 9,600.00	£ -5,520.00
Deboning & Packaging fee (Per kg)	£ 6,300.00	£ 4,000.00	£ -2,300.00
Transport Cost	£ 46,809.00	£ 29,720.00	£ -17,089.00
Margin	£ 5,159.57	£ 6,451.43	£ 1,291.86
Credit - Offal rebate	£ 11,340.00	£ 7,200.00	£ -4,140.00
Credit - Hides	£ 8,820.00	£ 5,600.00	£ -3,220.00
Total Cost	£ 278,138.57	£ 309,771.43	£ 31,632.86
Total Sales	£ 16,915.99	£ 10,800.00	£ -6,115.99
Profit / Loss *Inc. Margin*	**£ -261,222.58**	**£ -298,971.43**	**£ -37,748.84**
Profit / Loss *Ex. Margin*	**£ -256,063.01**	**£ -292,520.00**	**£ -36,456.99**
Profit / Loss per Kg *Ex. Margin*	**£ -4.06**	**£ -7.31**	**£ -3.25**

Production Summary: Gives a view of production performance based on the volume figures presented in the Production Model

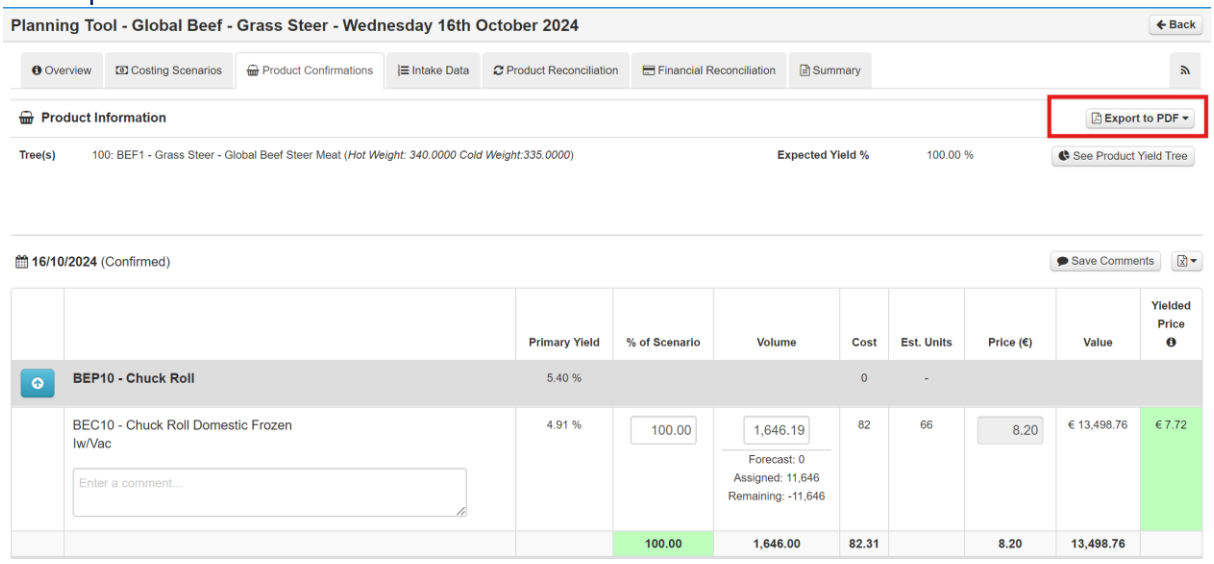
	Planned	Expected	Actual	Difference
Quantity (Head)	200.00	200.00	200.00	0.00
Average Hot Weight	325.00	200.00	200.00	-125.00
Average Cold Weight	315.00	200.00	200.00	-115.00
Total Weight Into Boning	63,000.00	40,000.00	40,000.00	-23,000.00
Total Product Produced (kg)	63,000.00	40,000.00	39,788.00	(-23,000.00 Kg) (-23,212.00 Kg)
Total Red Meat Produced (kg)	44,859.28	28,482.08	28,270.00	(-16,377.20 Kg) (-16,589.28 Kg)
Red Meat Yield %	71.21 %	71.21 %	70.68 %	(0.00 %) (-0.53 %) %
Total Value	£ 16,915.99	£ 10,740.31	£ 10,800.00	£ (£ -6,175.68) (£ -6,115.99)
Total Hot Weight	65,000.00 Kg	40,000.00 Kg	40,000.00 Kg	-25,000.00 Kg
Total Cold Weight	63,000.00 Kg	40,000.00 Kg	40,000.00 Kg	-23,000.00 Kg
Loss %	3.08 %	0.00 %	0.00 %	-3.08 %

2.7 GENERATING PRODUCTION MODEL – PRODUCTION PLAN EXPORT

Step 1: Once done populating, go into the Product Confirmations tab

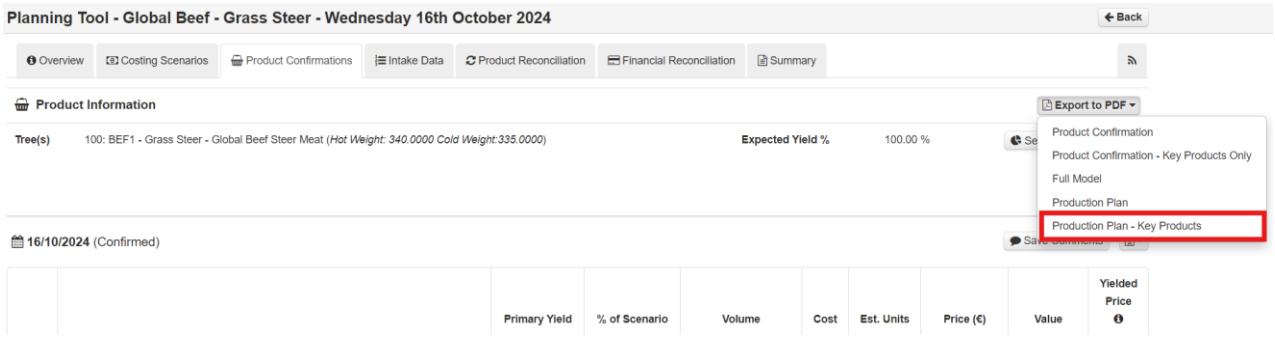


Step 2: Click Export to PDF

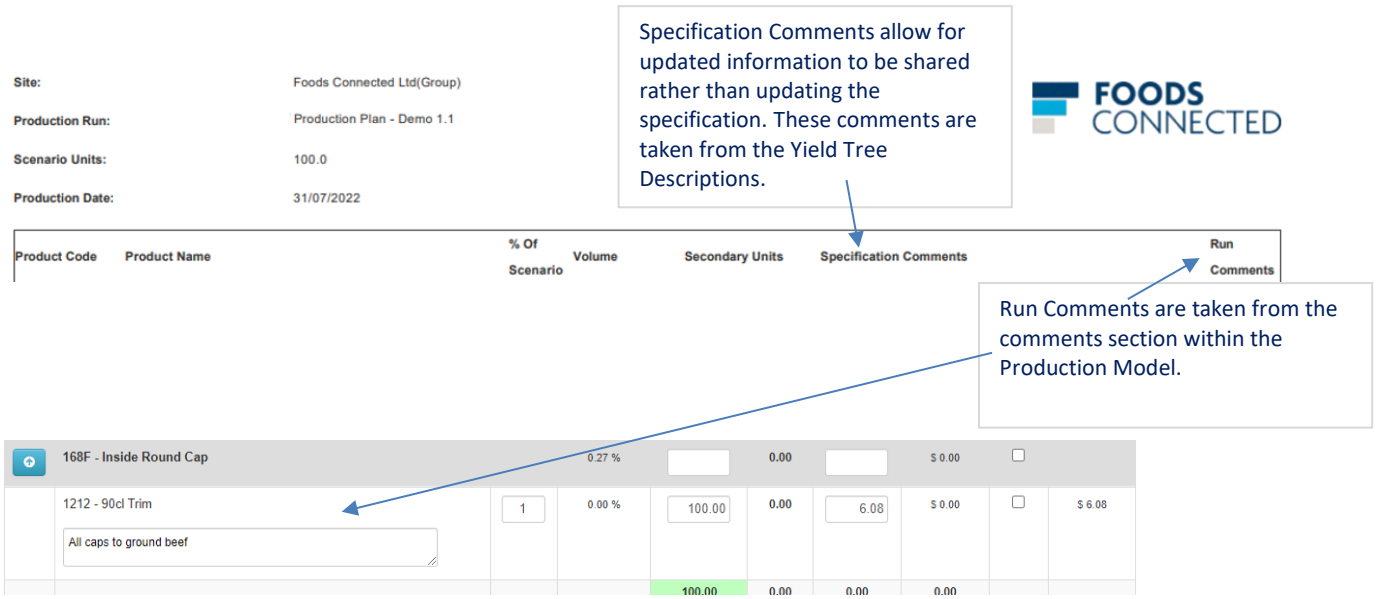


Step 3: Select to export the **Production Plan** or **Production Plan – Key Products.**
Note: Key Products are driven by the Parent Level toggle within Yield Trees, if this toggle isn't switched on, there will be no data exported when selecting this option.

By selecting Production Plan, all products will be exported whereas, if Key Products is selected, it will only be the key products set up within the Yield Tree.



Once exported it will look similar to the below.



3. SETTING UP A COST MODEL

Determining the Cost Price of a product produced from a carcase can be complicated due to the process of splitting the carcase into many different products all with different specifications, weights, etc.

To simplify the process, Foods Connected have developed a simple methodology which enables a fair and robust process to determine how costs should be allocated to the different products produced.

This in turn will allow you to understand what you need to price finished products at to fully recover your pre boning costs.

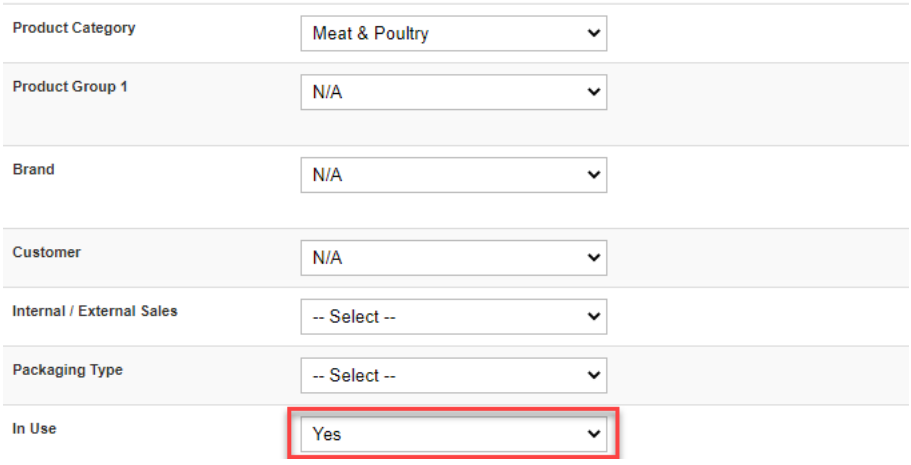
3.1. COMPANY PRODUCT FILE

Please reference the Company Product File Training Manual for full guidance on setting up Codes and Products.

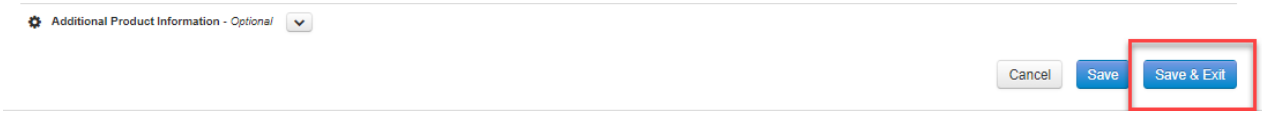
When Creating a code for the Cost model, whether it be a Primary or Secondary code, you must always set it up as in use as per the below guidance steps:

To simplify the process, Foods Connected have developed a simple methodology which enables a fair and robust process to determine how costs should be allocated to the different products produced.

Step 1: The "In Use" option is to be set as "Yes"



Step 2: Select "Save & Exit" to confirm the change



3.2. YIELD TREE

Note: The ***Yield tree*** creation is detailed clearly in the Guide provided within Foods Connected. However, the formatting of the set up needs to be considered to make the model flow correctly.

Please see the below formatting for ref. when completing this set up:

Primary Tree

Add Top Level Product | Update Order/Additional Cost | Export to Excel | Ref: Cost Model

Product	Yield	Description	Offcuts	Additional Cost	Order		
BCM17 - Topside (3)	6.54 %		No Offcuts		1	Add Child Yield	
BCM13 - Silver (3)	6.28 %		No Offcuts		2	Add Child Yield	
BCM18 - Knuckle (2)	3.85 %		No Offcuts		3	Add Child Yield	
BCM16 - Rump (2)	3.82 %		No Offcuts		4	Add Child Yield	
BCM12 - Loin (1)	3.82 %		No Offcuts		5	Add Child Yield	
BCM11 - Fillet (1)	1.95 %		No Offcuts		6	Add Child Yield	
BCM2 - Cube Roll (2)	2.49 %		No Offcuts		7	Add Child Yield	
BCM1 - Chuck (1)	5.28 %		No Offcuts		8	Add Child Yield	
BCM6 - Brisket (2)	3.52 %		No Offcuts		9	Add Child Yield	
BCM5 - LMC (1)	2.42 %		No Offcuts		10	Add Child Yield	
BCM4 - Bola (1)	0.89 %		No Offcuts		11	Add Child Yield	
BCM8 - Rump Tail (1)	0.51 %		No Offcuts		12	Add Child Yield	
BCM3 - Paleron Blade Steak (1)	1.64 %		No Offcuts		13	Add Child Yield	
BCM9 - Flank Steak (1)	0.35 %		No Offcuts		14	Add Child Yield	
BCM10 - Bavette (1)	0.69 %		No Offcuts		15	Add Child Yield	
BCM15 - Heel (2)	1.48 %		No Offcuts		16	Add Child Yield	
BCM14 - Shin (1)	1.39 %		No Offcuts		17	Add Child Yield	
BCM19 - 95 vl (1)	9.73 %		No Offcuts		18	Add Child Yield	
BCM20 - 85 vl (1)	8.72 %		No Offcuts		19	Add Child Yield	
BCM7 - Rib Cap and Flank 75vl (1)	8.88 %		No Offcuts		20	Add Child Yield	
BCM21 - Fat (1)	9.07 %		No Offcuts		21	Add Child Yield	
BCM22 - Gristle	0.00 %		No Offcuts		22	Add Child Yield	
BCM23 - Bone	16.68 %		No Offcuts		23	Add Child Yield	
	100.00 %						

Formatting Notes

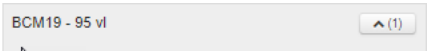
Off Cuts – As you can see here there are **NO** possible offcuts generated. When creating the tree, the offcuts must be considered as a % of the total carcass and Captured at a Parent Level with the relevant % applied.

0.00% Example – In the situation where the offcut is created once the Daughter (Secondary) processing happens to create a finished product, please follow the below formatting to ensure the

% off cut is captured in the relevant parent level.
Example: BCM19 – 95 vl

As you can see below – when creating codes BCM46 there is a 95 vl generated as an offcut.

When Volume is applied to this percentage it will then move down to the Parent Volume which is represented also as BCM 19 – shown below:



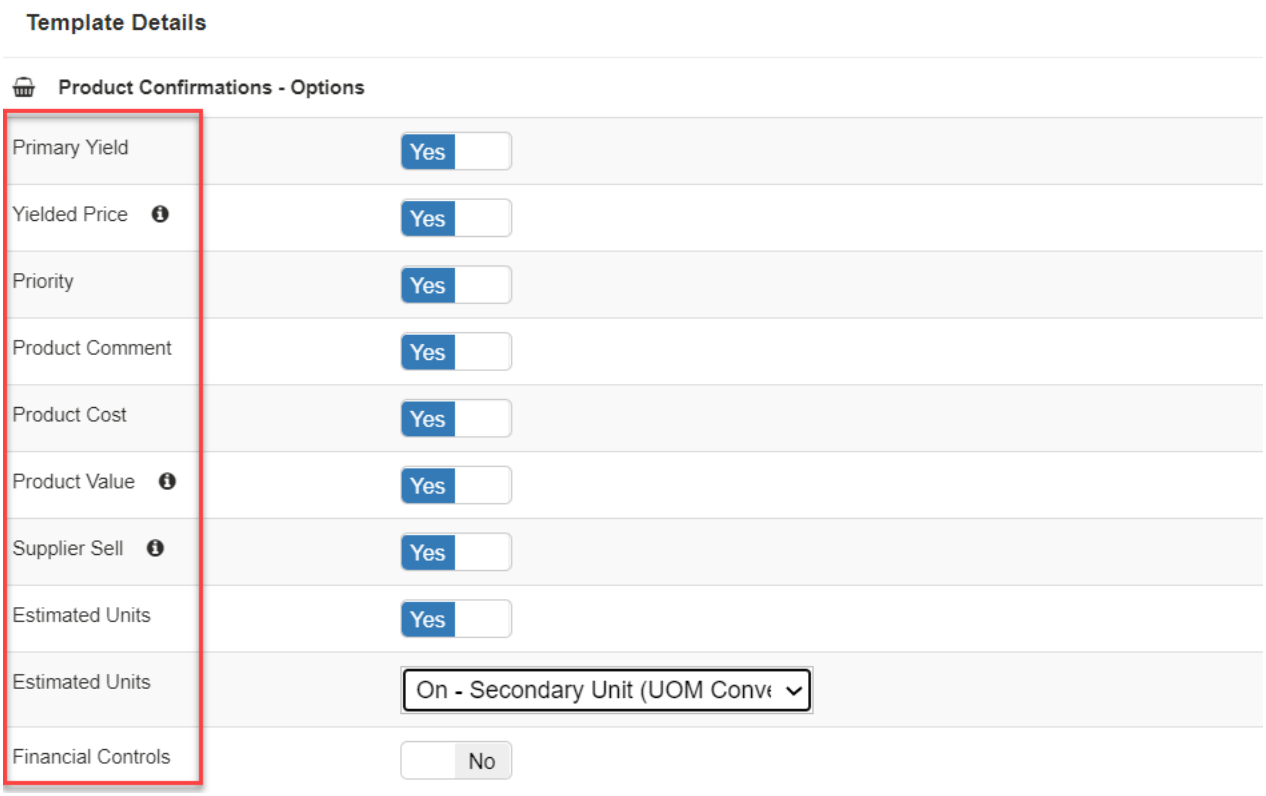
As the Offcut volumes accumulate, they will be totalled up and presented as total against the relevant Parent Code.

3.3 COST MODEL SET UP

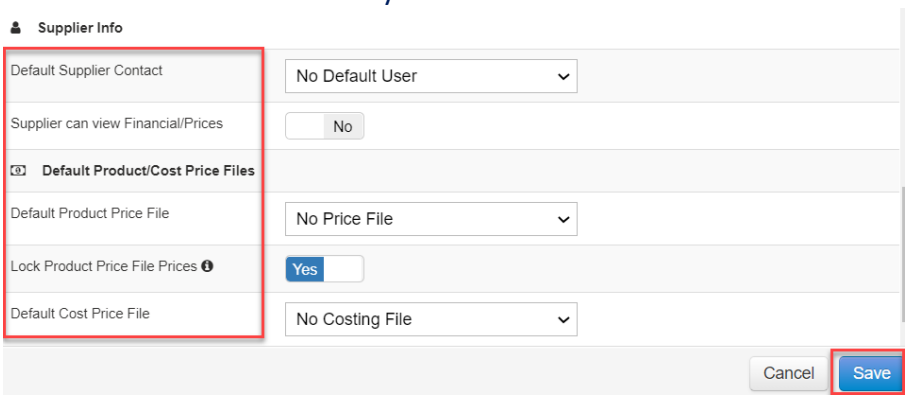
Please reference section. 1.3 Production Model Template – Product and Template Information **(page 7).**

As per below, the Key selection for the Production Model (Product Confirmations – Options) set up is the **"Financial Controls"**

Step 1: Set **"Financial Controls"** as **Yes**



Step 2: Click on ***Save*** to confirm the fields you have selected



3.4 COST MODEL SET UP – COST FILE AND PRICE FILE

Cost File: Please reference the Cost File training manual for guidance on how to set up.

Price File: Please reference the Price File training manual for guidance on how to set up.

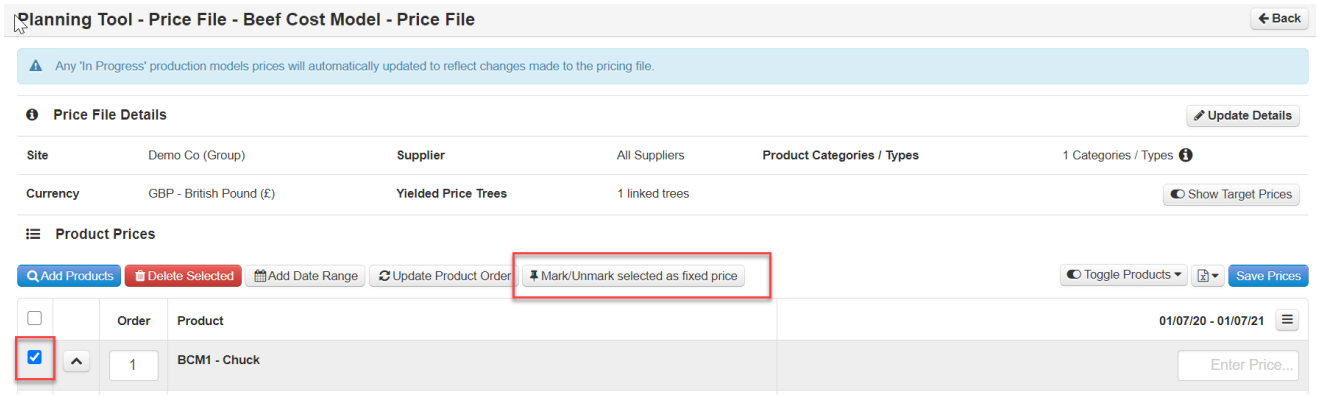
Note: Once key section to Pay attention to in the ***Price file*** set up is outlined below:

We currently distinguish our line item values as **'Fixed'** and **'Variable'** costs.

Fixed Prices: Products which are sold externally as traded commodity such as bones & fat. These are products that you as a Supplier would have limited ability to impact, as the price is determined by the market.

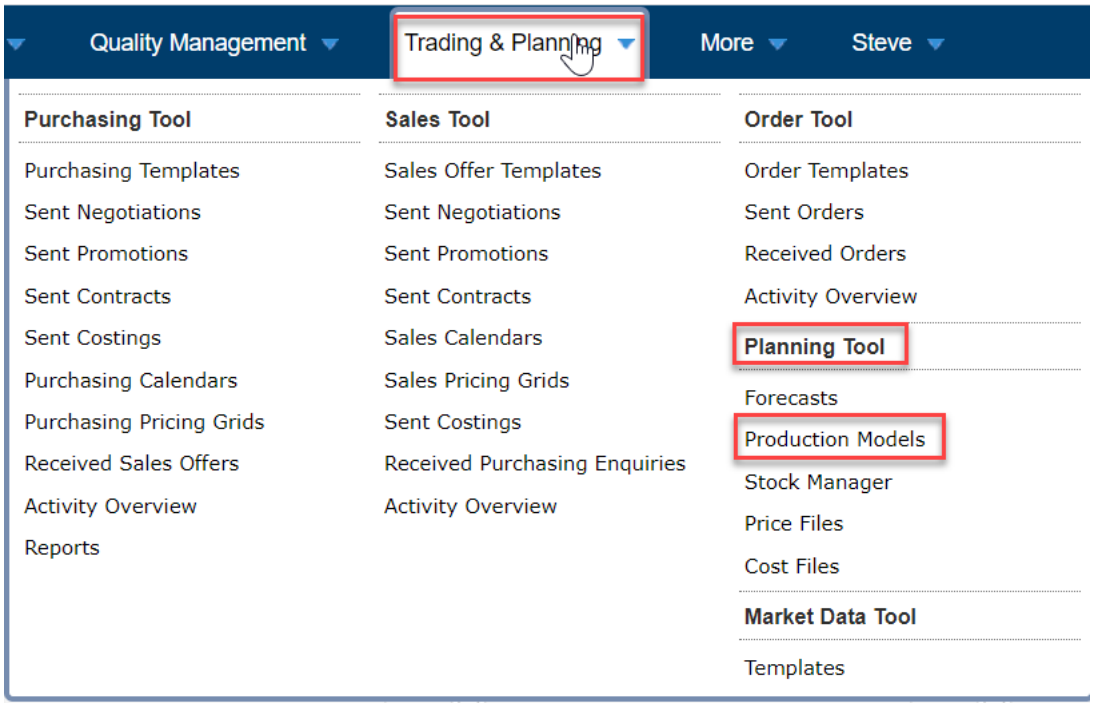
Variable Prices = Products that you as a Supplier use for your own internal use.

Note: Trimmings are classed as a fixed price product. This is because we see it as a commoditised product, as its price is driven from global markets

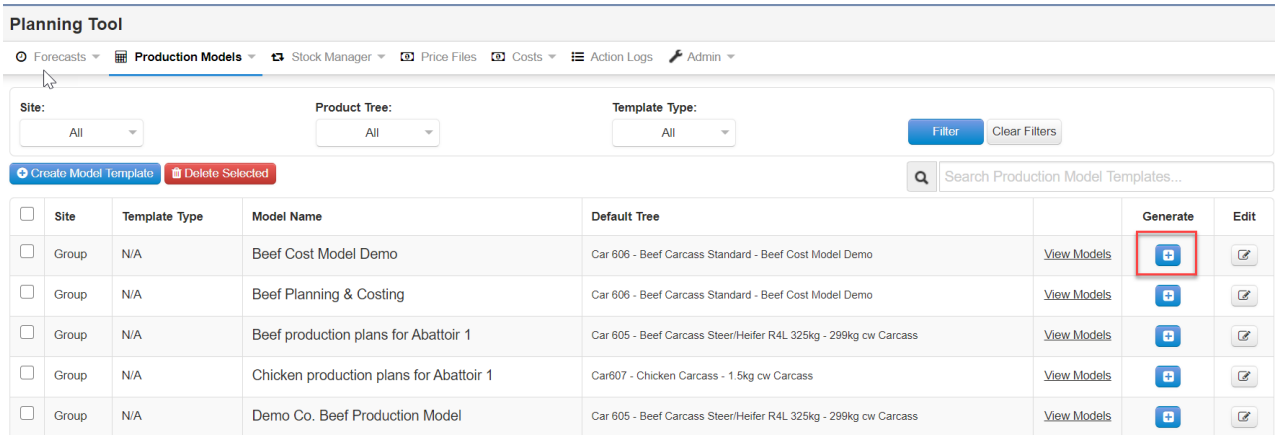


4. GENERATING A COST MODEL

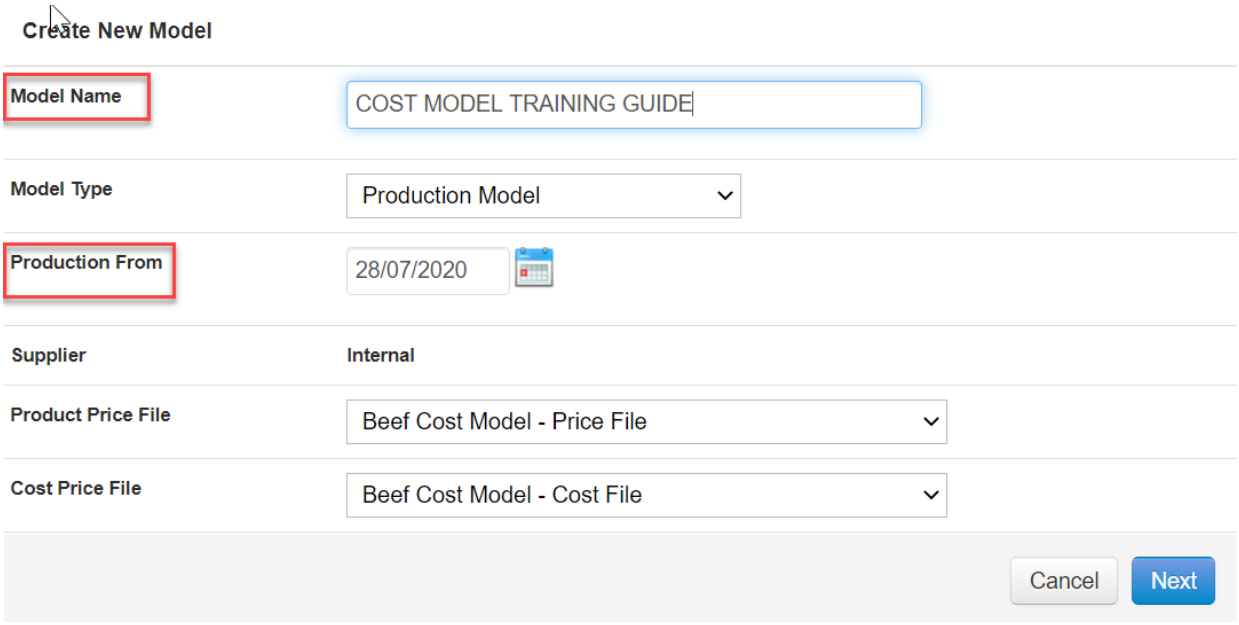
Step 1: Sign in and go to ***Trading & Planning > Planning Tool > Production Models***



Step 2: Select the model in which you want to raise by clicking on the blue ***Generate*** icon



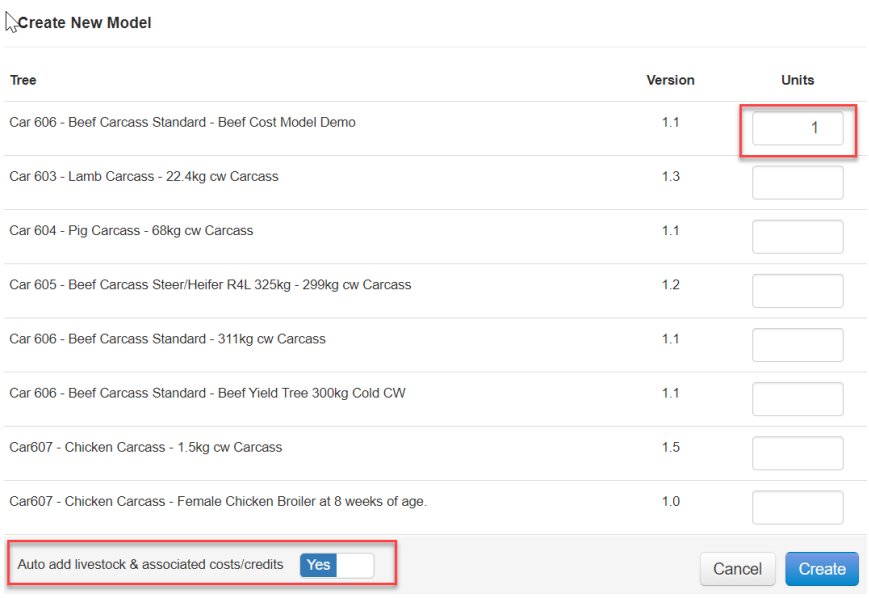
Step 3: Type in the ***Model Name*** and select the ***Production From*** date > followed by ***Next***



Step 4: Confirm the Scenario by entering the Number of head you intend on Producing in the ***Units*** column > followed by ***Create***

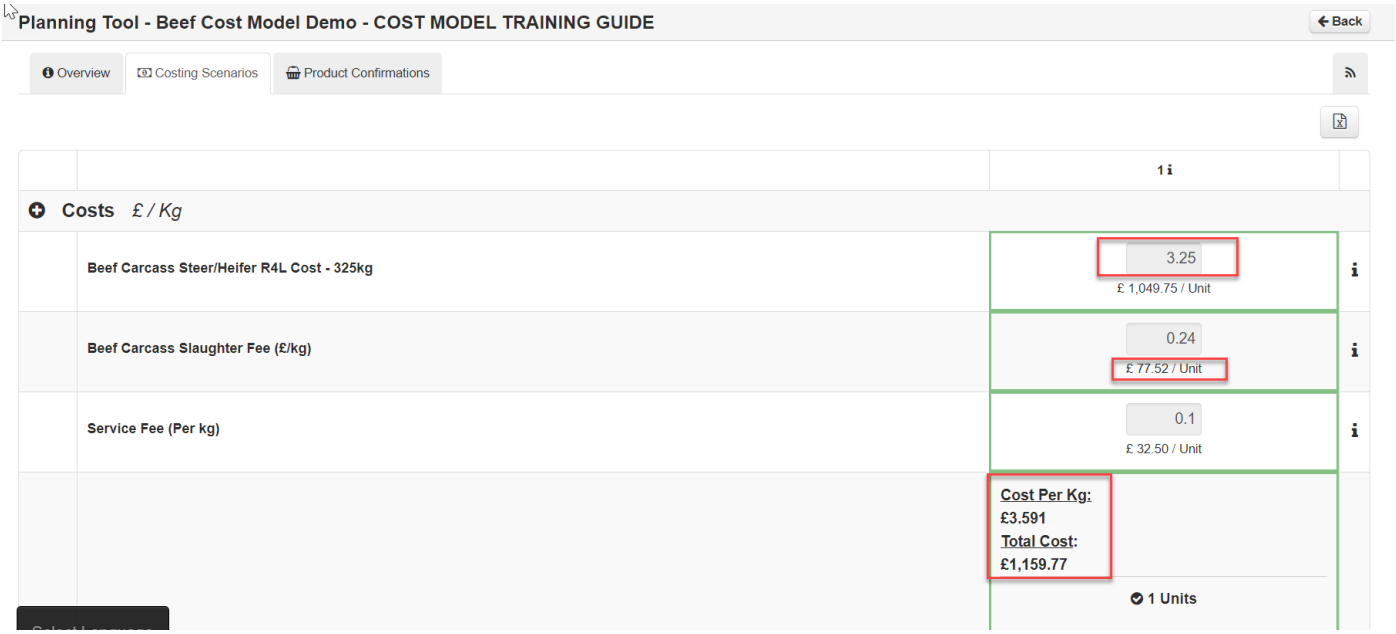
Note: *When selecting Number of units, it will not change the prices created if 1 or 1000 Units are selected. However, it will give you a better view of P/L vs current units processed and costs.*

Note: Yes - Auto Add Livestock & associated cost / credits *will pull the prices assigned in the* ***Cost File*** *automatically*



4.1 GENERATING COST MODEL – COSTING CONFIRMATIONS

Step 1: You will be directed to the ***Costing Scenarios*** tab within the ***Production Model*** where you are required to ***Accept Scenario*** by clicking on the green Icon



Note: *All costs shown within the box are presented as* ***a Per Kg*** *figure with the* ***Cost Per Unit*** *directly below*

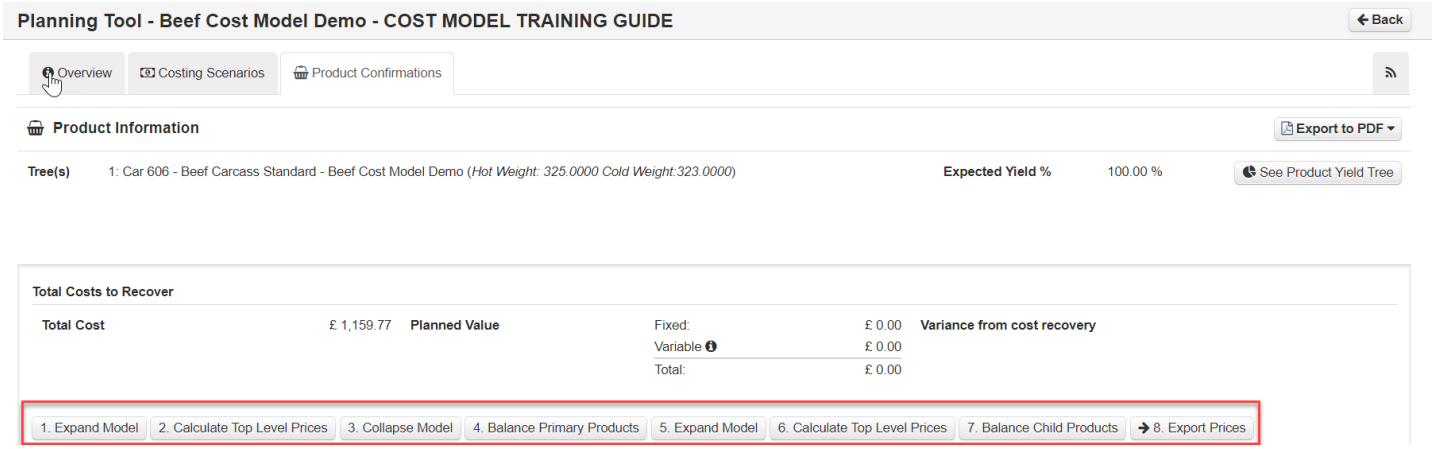
Summary Box:
Shows a Total cost per Kg and a Total cost per unit summary.
If there is a ***Margin*** *figure included, it will provide you with a breakdown of the costs including and excluding margin as per the above image.*

4.2 GENERATING COST MODEL – FINANCIAL CONTROLS

Summary Box:
Shows a Total cost per Kg and a Total cost per unit summary. Please reference 3.4 Cost Model Set Up – Cost File and Price File (Page 25) for a description on Fixed and Variable Costs.

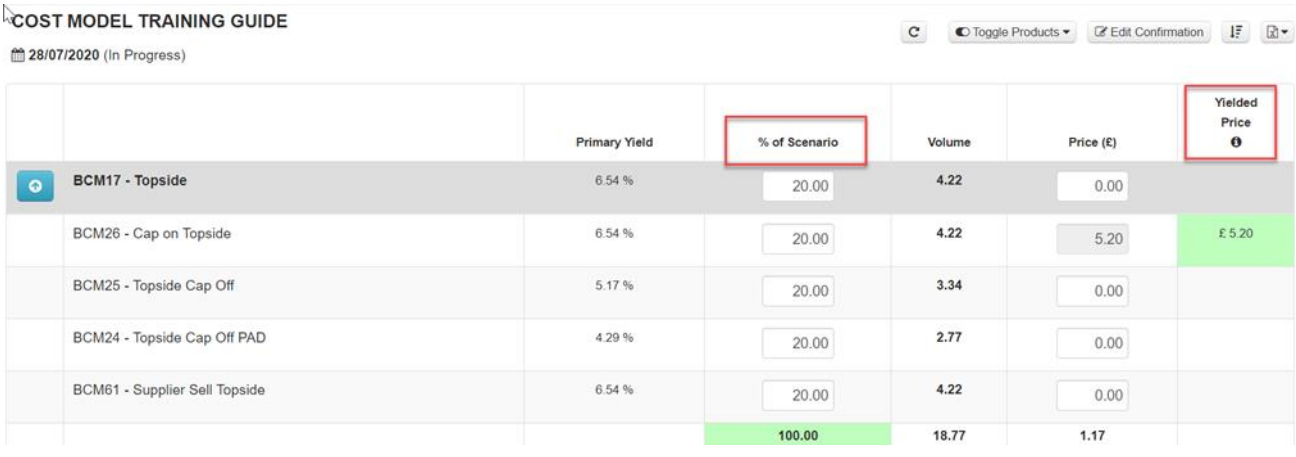
Variance from cost recovery *is the Difference between the* ***total cost*** *and the* ***Fixed / Variable cost total*** *giving you an indication on whether you need to increase or decrease your prices*

8 Key Steps*: these are the 8 sequential steps you need to take to run the cost model*



Step 1: Expand model – this opens the model so all 'Mother' cuts are visible. These are cuts which are created from the initial cutting of the carcass and have a yield associated, which represents the % in which they are, to the entire carcase

Note: The '% of scenario' column shows an even split of %'s to create 100% of the mother. The explanation for doing this is because we must have the same amount of volume generated against the individual daughter yields to ensure there is the same kg's multiplied against the yields to give a legitimate value.



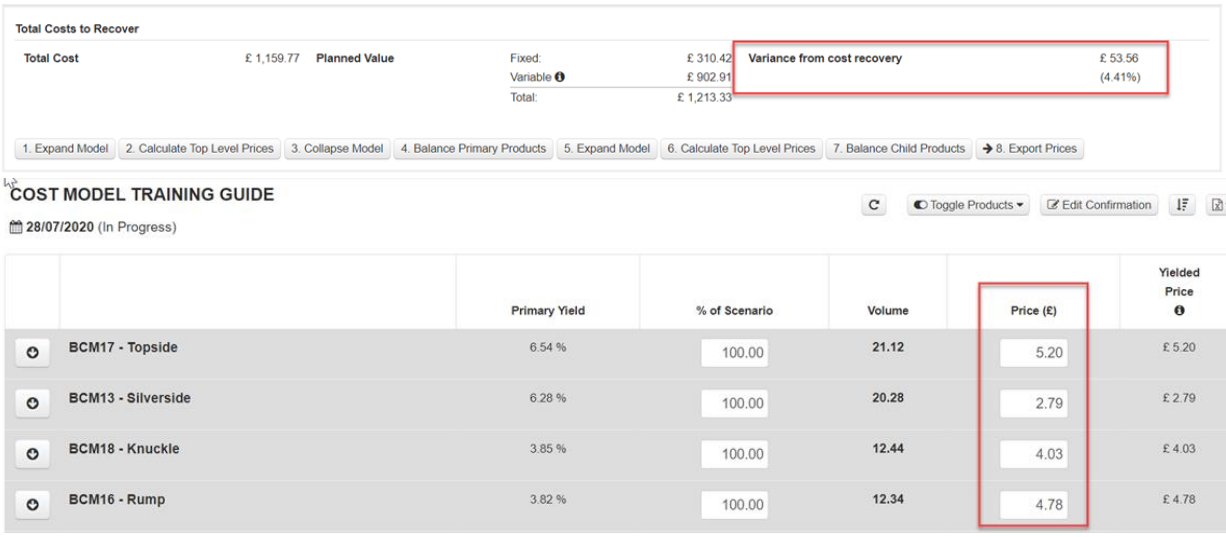
	Primary Yield	% of Scenario	Volume	Price (£)	Yielded Price
BCM17 - Topside	6.54 %	20.00	4.22	0.00	
BCM26 - Cap on Topside	6.54 %	20.00	4.22	5.20	£ 5.20
BCM25 - Topside Cap Off	5.17 %	20.00	3.34	0.00	
BCM24 - Topside Cap Off PAD	4.29 %	20.00	2.77	0.00	
BCM61 - Supplier Sell Topside	6.54 %	20.00	4.22	0.00	
		100.00	18.77	1.17	

a. In the above image you can see a yielded price. The Yielded Price is the price that the 'Daughter Product' returns the 'Mother Product' to when the total value of the Daughter Product and the offcuts that makes it up are included. Below is an example of the calculation performed to create a yielded price

Step 2: Calculate Top Level Prices – This pulls the Yielded Value from the daughter product up to the Top Level 'Mother' code

	Primary Yield	% of Scenario	Volume	Price (£)	Yielded Price
BCM17 - Topside	6.54 %	20.00	4.22	5.20	£ 5.20
BCM26 - Cap on Topside	6.54 %	20.00	4.22	5.20	£ 5.20
BCM25 - Topside Cap Off	5.17 %	20.00	3.34	0.00	
BCM24 - Topside Cap Off PAD	4.29 %	20.00	2.77	0.00	
BCM61 - Supplier Sell Topside	6.54 %	20.00	4.22	0.00	
		100.00	18.77	2.34	

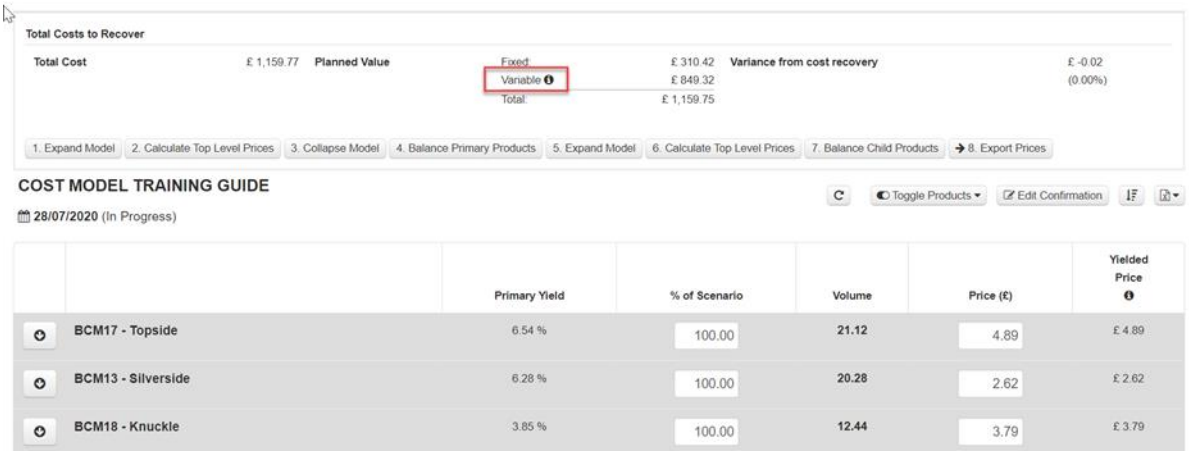
Step 3: Collapse Model – This Collapses the Model to show the volumes at the Top-Level



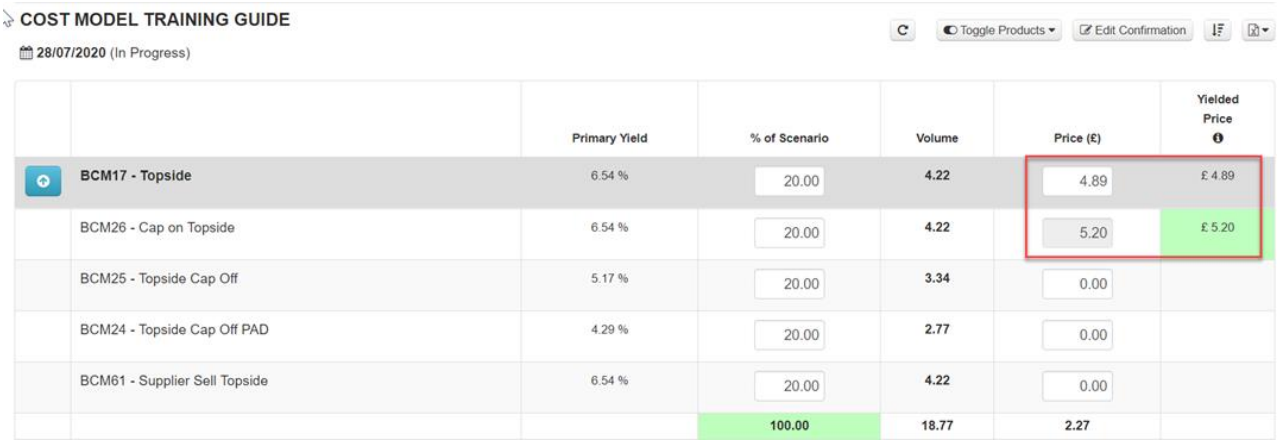
	Primary Yield	% of Scenario	Volume	Price (£)	Yielded Price
BCM17 - Topside	6.54 %	100.00	21.12	5.20	£ 5.20
BCM13 - Silverside	6.28 %	100.00	20.28	2.79	£ 2.79
BCM18 - Knuckle	3.85 %	100.00	12.44	4.03	£ 4.03
BCM16 - Rump	3.82 %	100.00	12.34	4.78	£ 4.78

Note: What you will notice at this stage is whether the market prices are over/under recovering on the cost. In this example you can see it is over recovering as the "Variance from cost recovery" is + £53.56

Step 4: Balance Primary Model – this will now automatically bring the recovery back to match the total cost. It does this based on the Variable %'s which you can see by clicking on the '(i)' icon circled in red below:

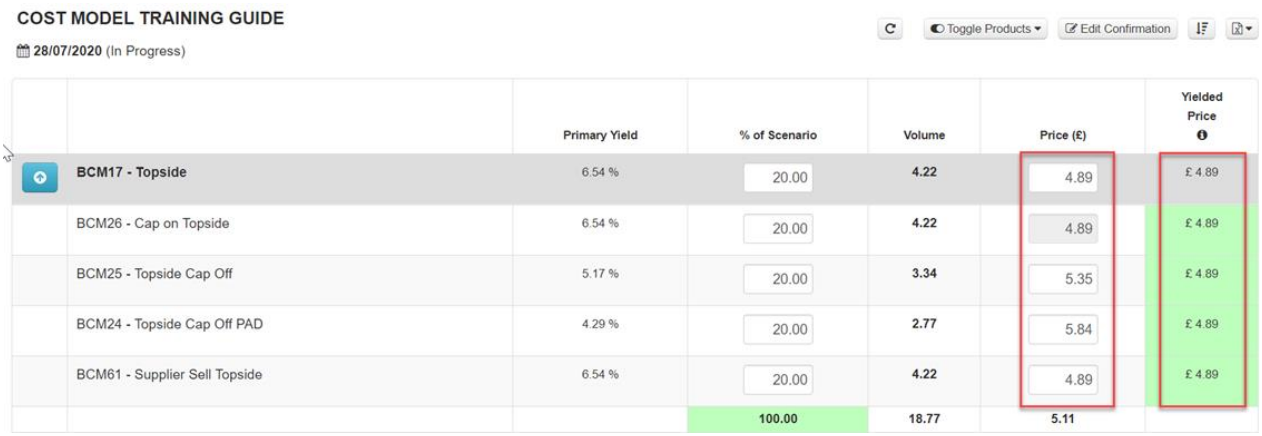


Step 5: Expand Model – by expanding the model again at this stage it is allowing you to visibly see all Prices allocated to Offcut parent articles which are generated from the Mother. These will have the adjusted prices where applicable.



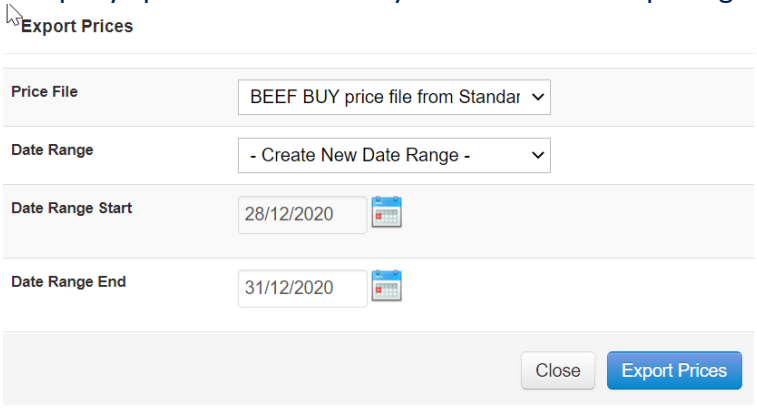
Step 6: Calculate Top Level Prices – In the instance where the Yield Value has not pulled into the top-level mother code - the system will recognise the zero value and present the correct value at this point.

Step 7: Balance Child Products - This step is where the 'New' yielded prices are then populated into the daughter products to create a new purchasing price where applicable. This is essentially working the Yielded price calculation from step 1 in reverse.



NOTE: As you can see from the above – the Yielded prices have now been replicated to the same values as the Mother Pricing, which has auto populated prices for each of the daughters situated below based on their yields and offcut values

Step 8: Export Prices – Now that ALL line items have a price value, you can now export these to the company "price file" in which you wish to use for pricing moving forward.



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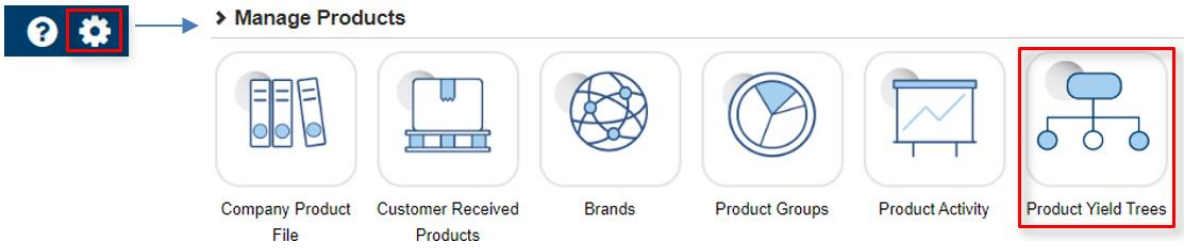
5. SETTING UP A BREAKEVEN

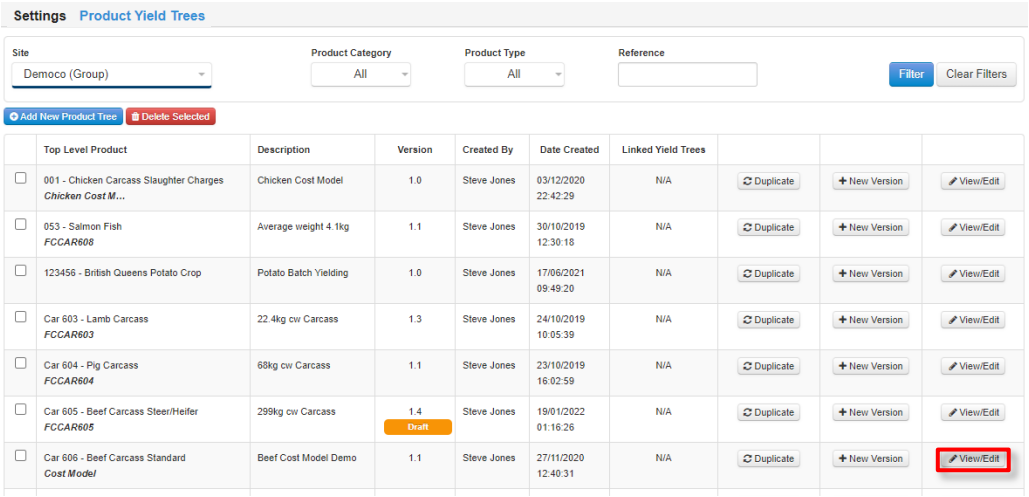
5.1 YIELD TREES

Yield trees can be set up to feed into your Breakeven Model

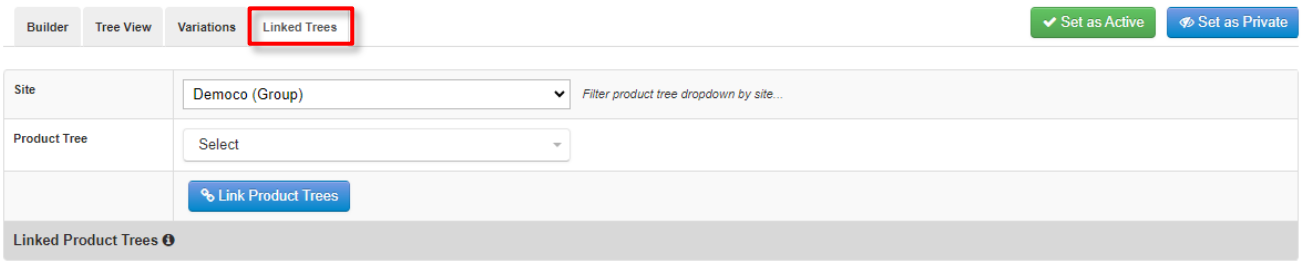
Step 1: Go to Yield Trees within Settings



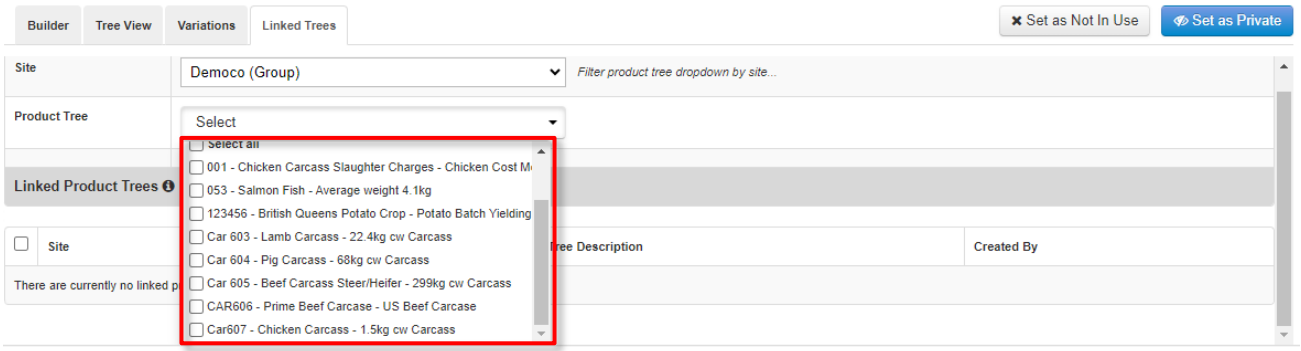
Step 2: Click Edit beside the required Yield Tree



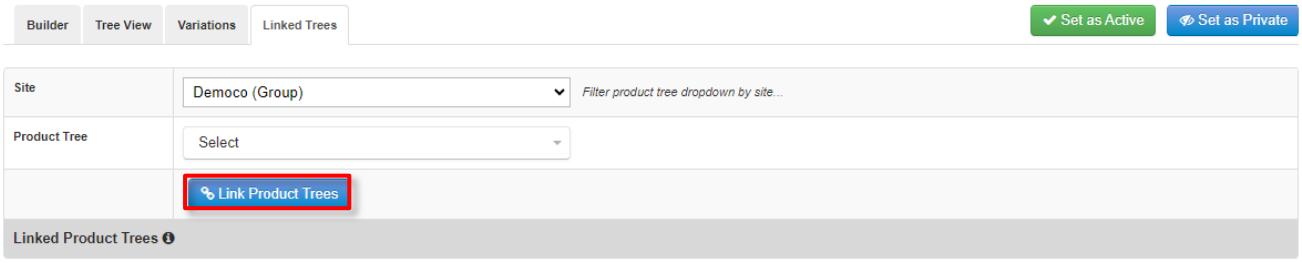
Step 3: Go to Linked Trees



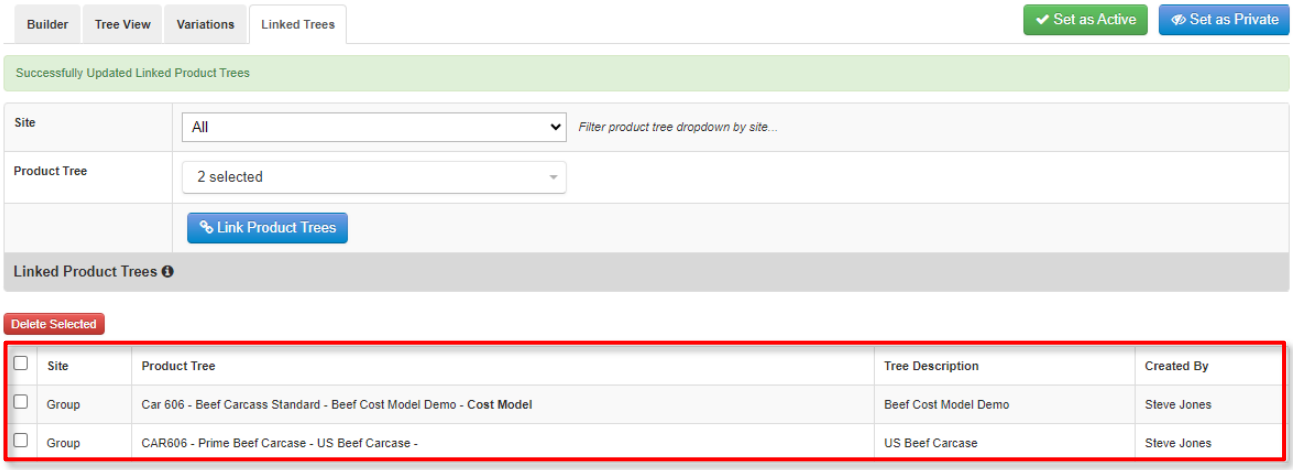
Step 4: Select the site (if applicable) and the product tree(s) you would like to link



Step 5: Click Link Product Trees



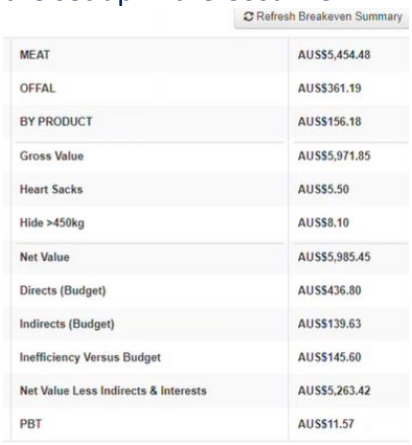
When linked the trees will appear in the Linked Product Trees section



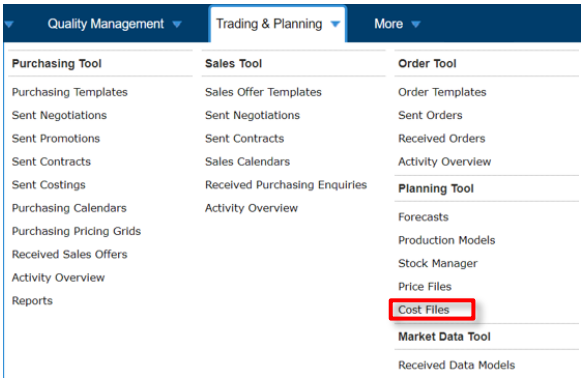
The order of these Linked Trees is the order they will appear in the Breakeven.

5.2 COST FILE

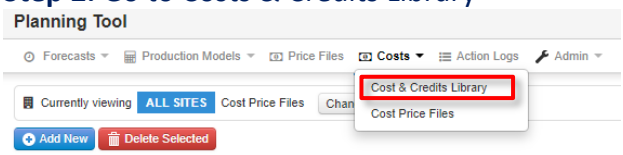
In the Breakeven, there are carcase level costs which are used to calculate the PBT, it will look similar to the image below. These costs, which include all run and high-level costs, are driven by the set up in the Cost File.



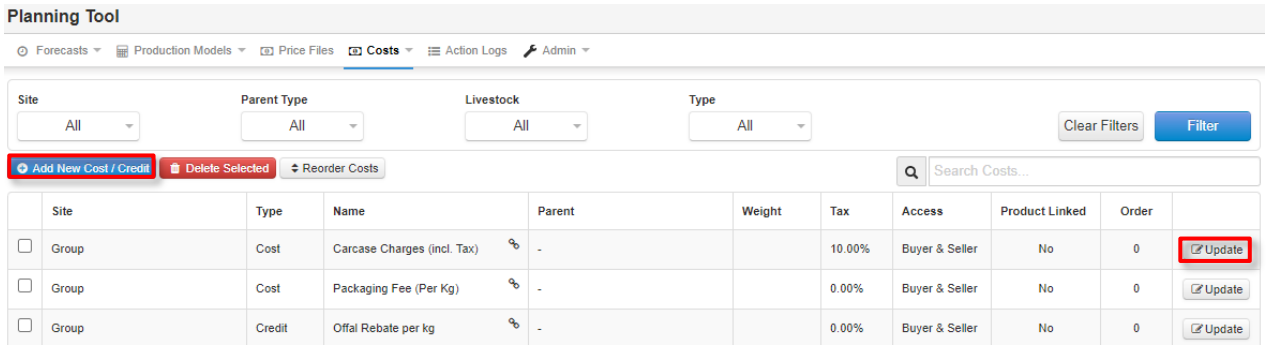
Step 1: Go to **Cost File** within Trading & Planning



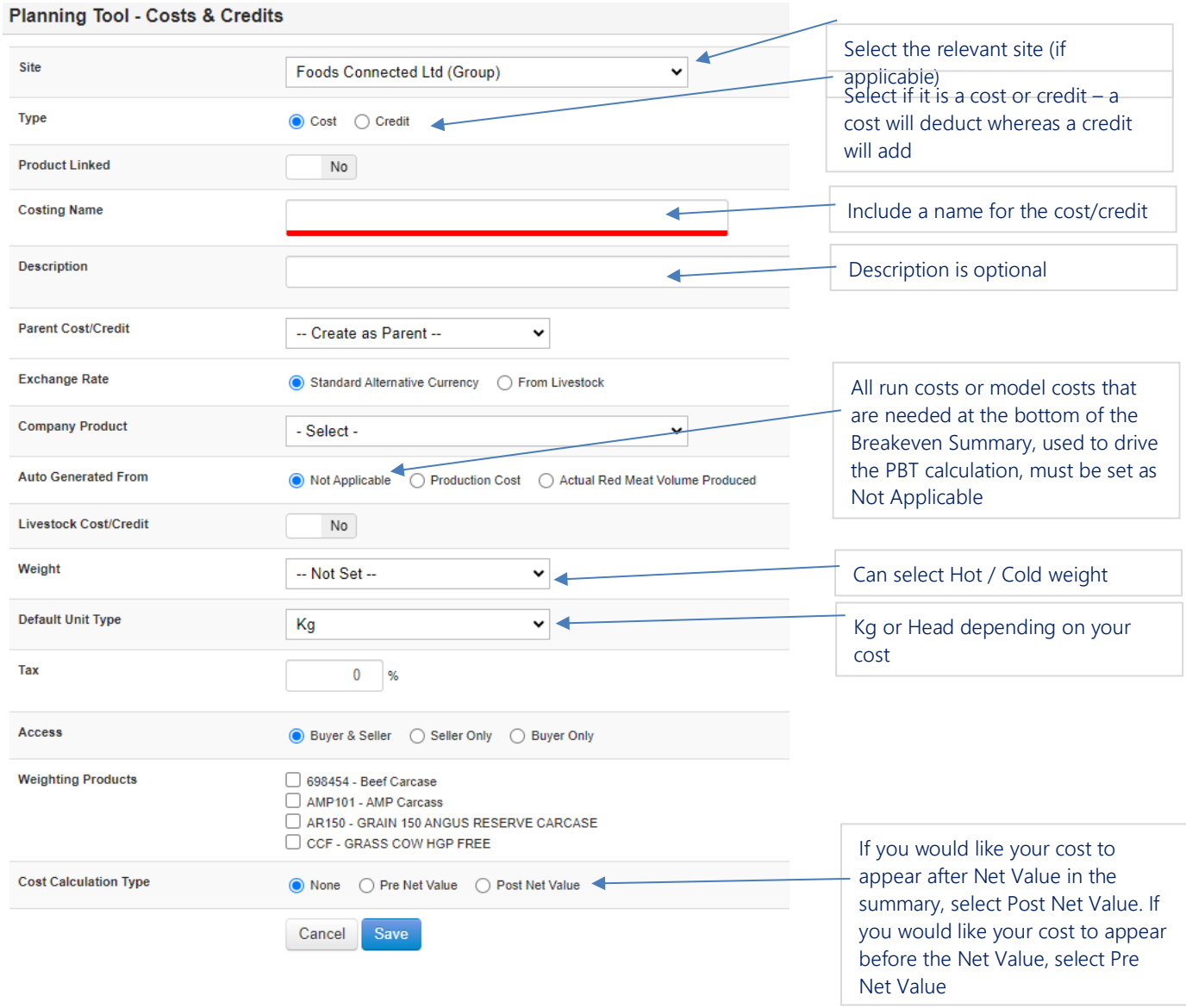
Step 2: Go to Costs & Credits Library



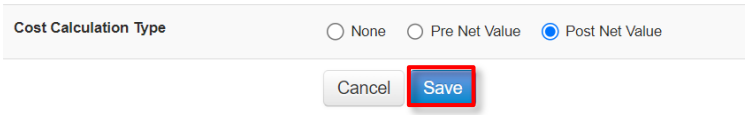
Step 3: If setting up a new cost/credit, click **Add New Cost / Credit**. If you are editing a cost/credit, click **update** beside the relevant form.



Step 4: Complete the form, ensuring all run level or carcase level costs that apply to your PBT calculation are inputted here.



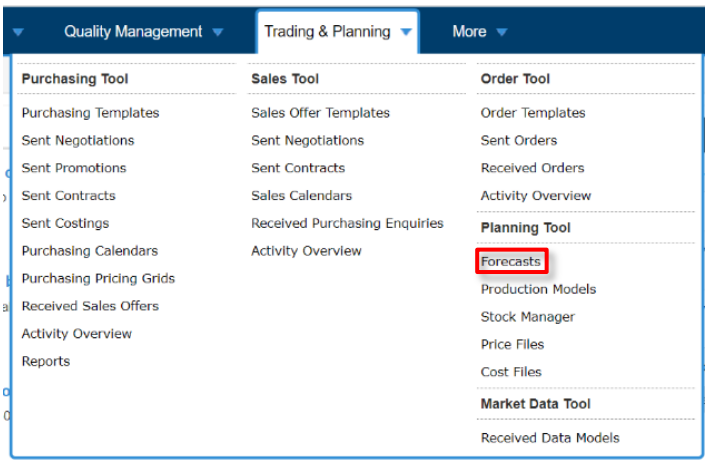
Step 5: Click **Save** when done



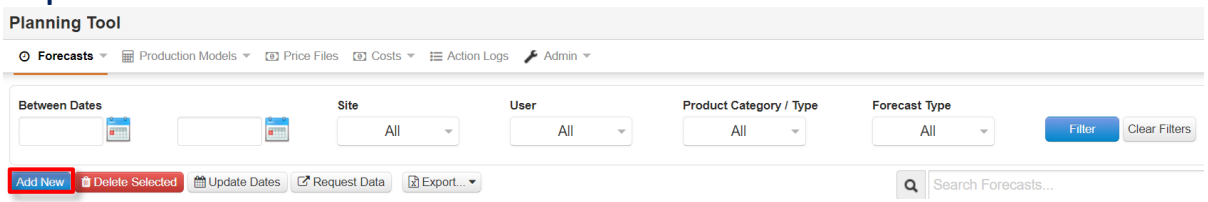
5.3 FORECAST

This section explains how to set up a Breakeven Demand Forecast. The Breakeven Forecast needs to be created and populated for the data to pull through into the Breakeven.

Step 1: Go to **Trading & Planning** then **Forecasts**

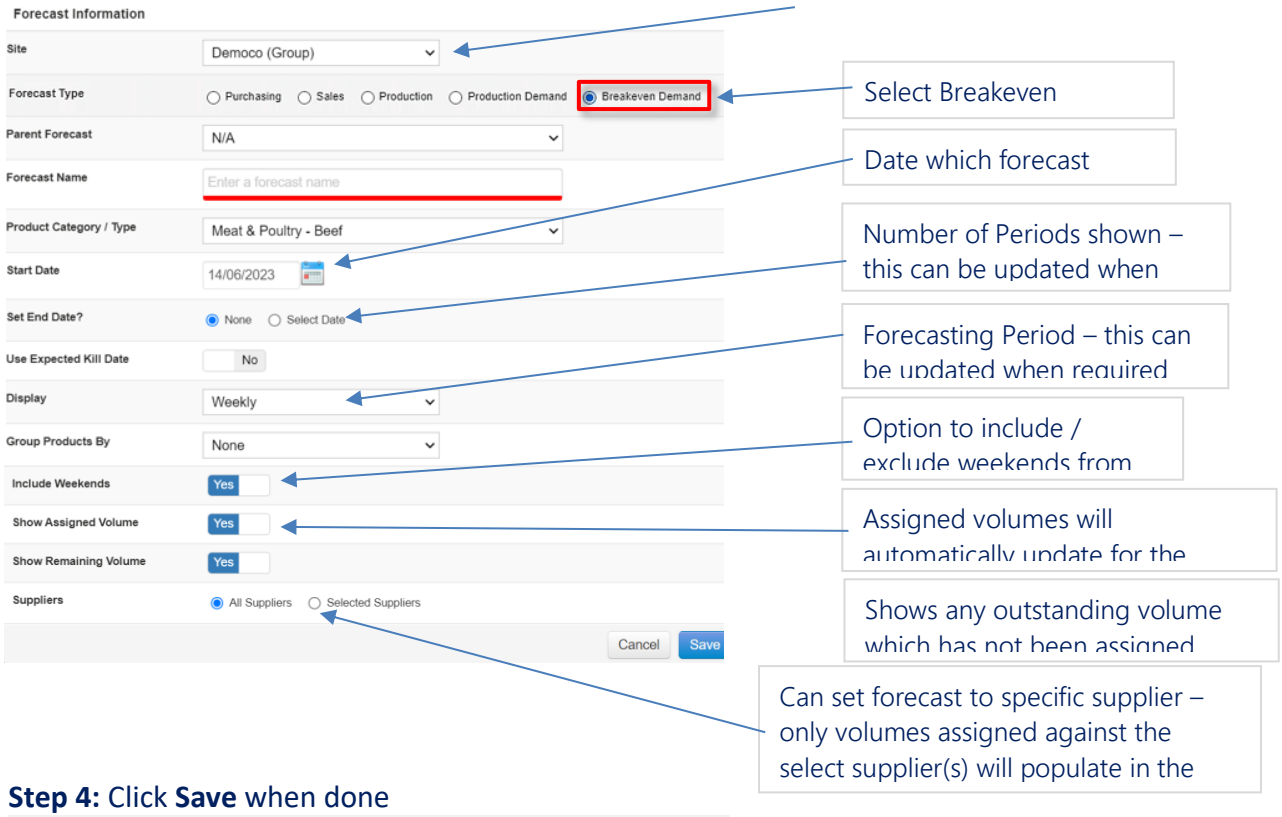


Step 2: Click **Add New**

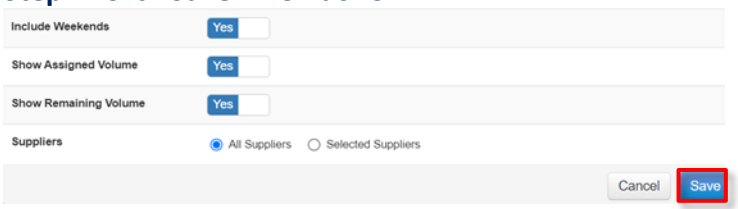


Step 3: Complete the Forecast Information ensuring that **Breakeven Demand** is selected as the Forecast Type

Select the site

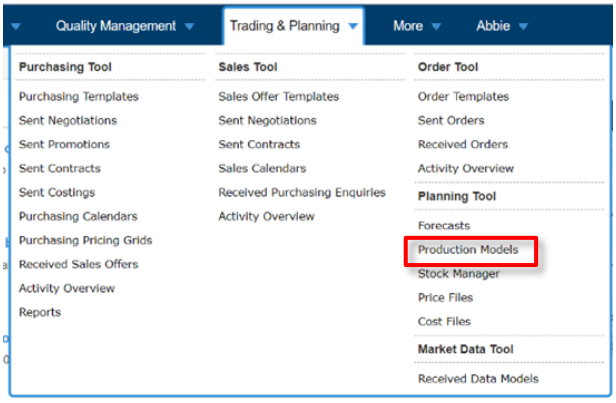


Step 4: Click **Save** when done

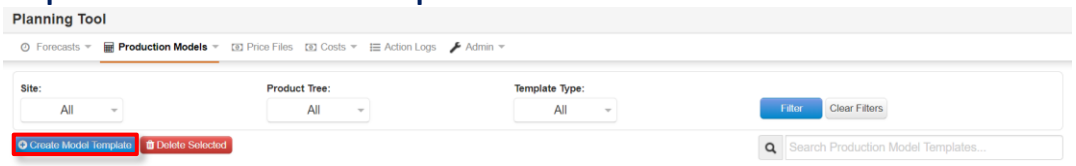


5.4 TEMPLATE SETUP

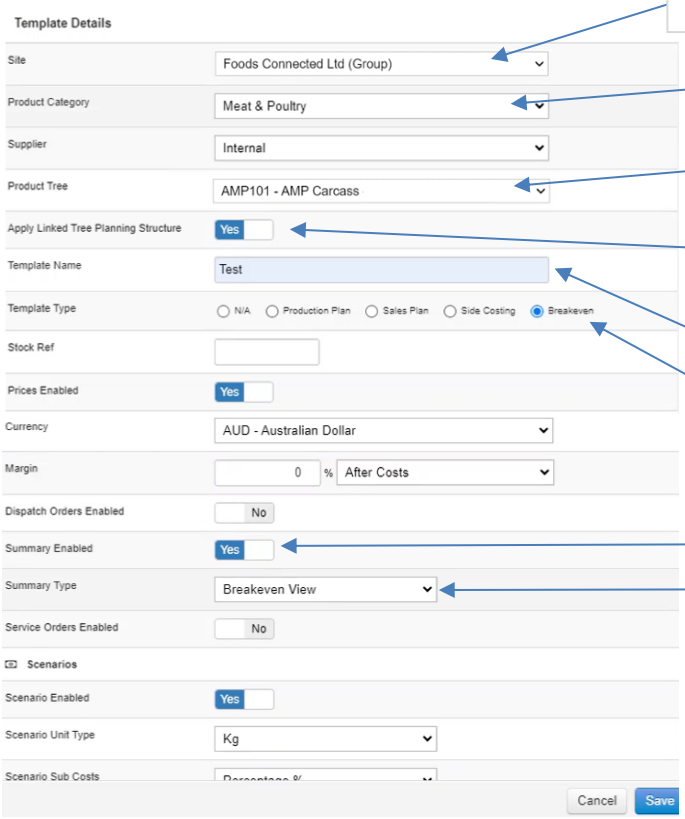
Step 1: Go to **Trading & Planning** then **Production Models**



Step 2: Click **Create Model Template**



Step 3: Complete the **Template Details**



Populate the Site

Populate Product Category – this is important for products and forecasts

Must link primary tree in Breakeven template. This is the tree that all secondary trees are linked

The system will pick up that there are linked trees. Toggle to 'Yes' to ensure trees to pull through and show in confirmation screen

Include template name

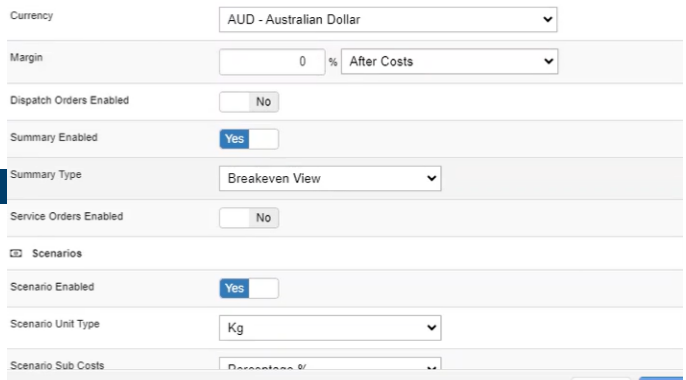
Template type must be set as Breakeven

Enable the

Select Breakeven View

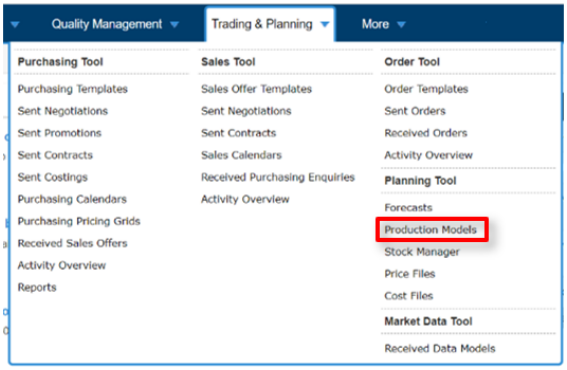
All other configuration is as per the Production Model Template set up – see section 1.3 for further information

Step 4: Click **Save** when done

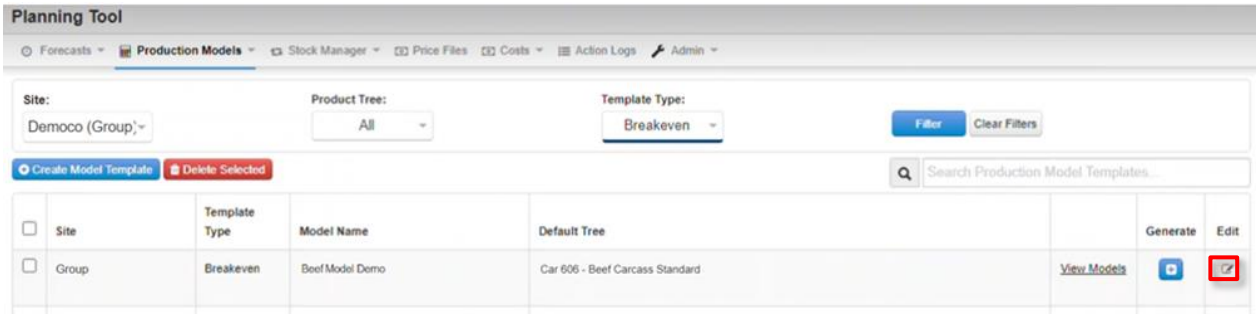


5.5 SCENARIO SETUP

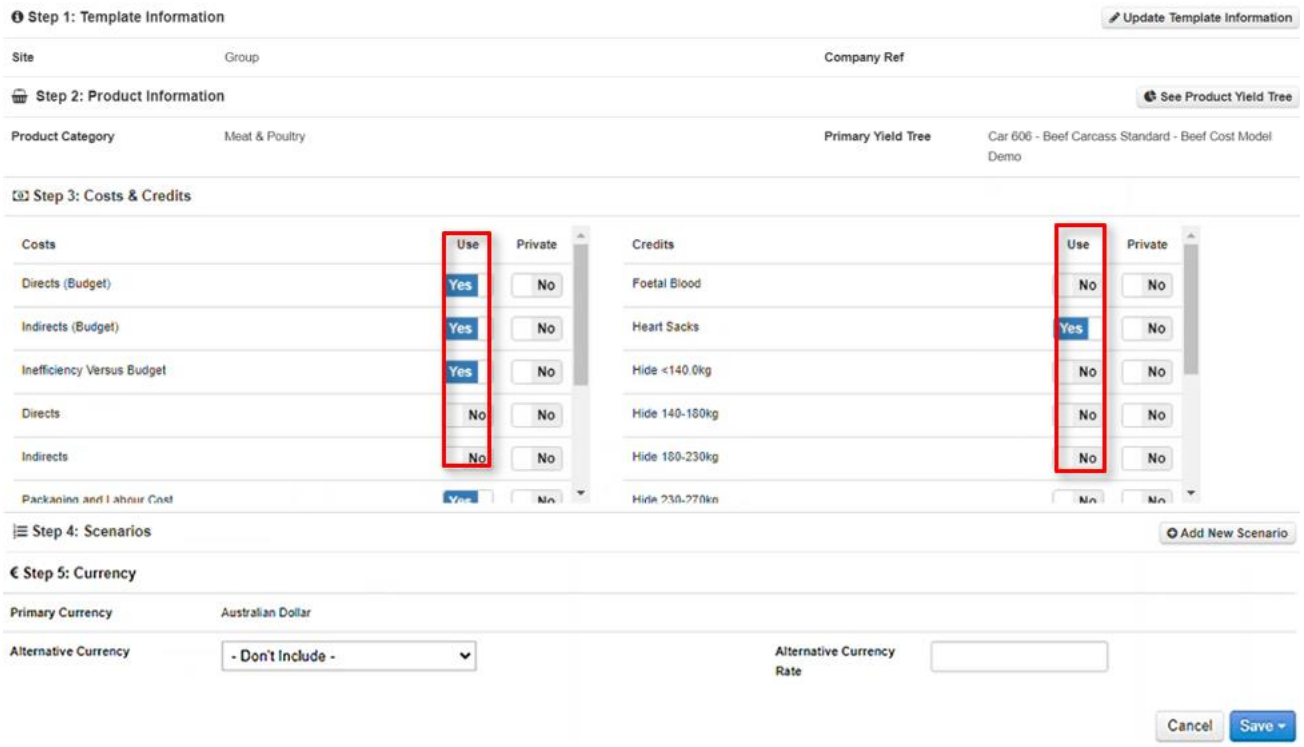
Step 1: Go to **Trading & Planning** then **Production Models**



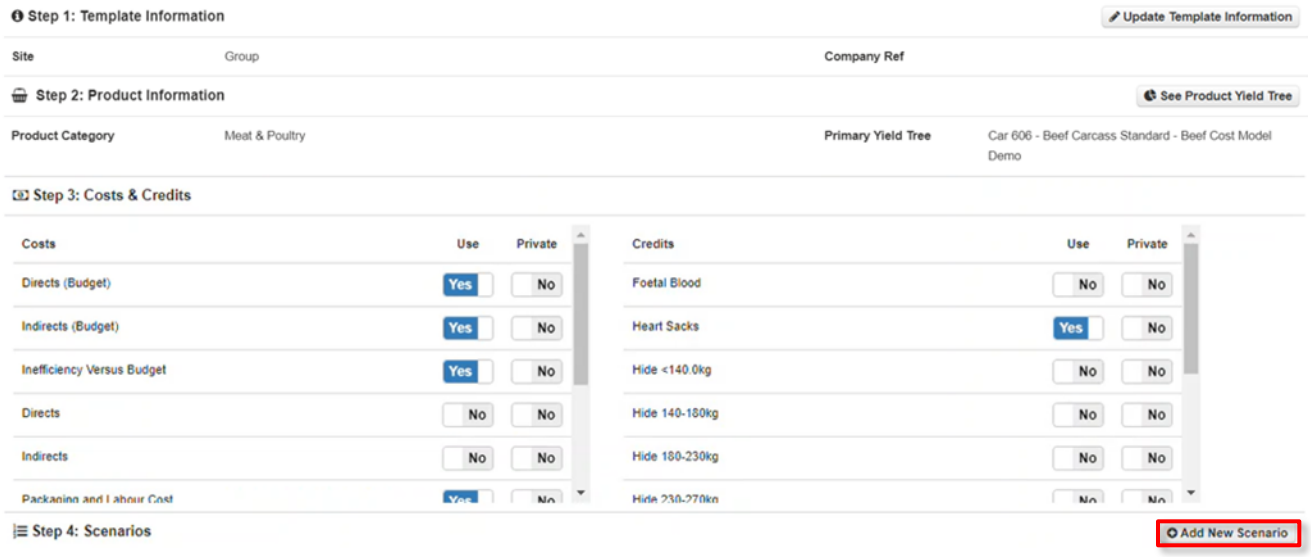
Step 2: Click **Edit Template**



Step 3: The costs and credits will need to be set up here. Select which costs and credits that you want / don't want to use.



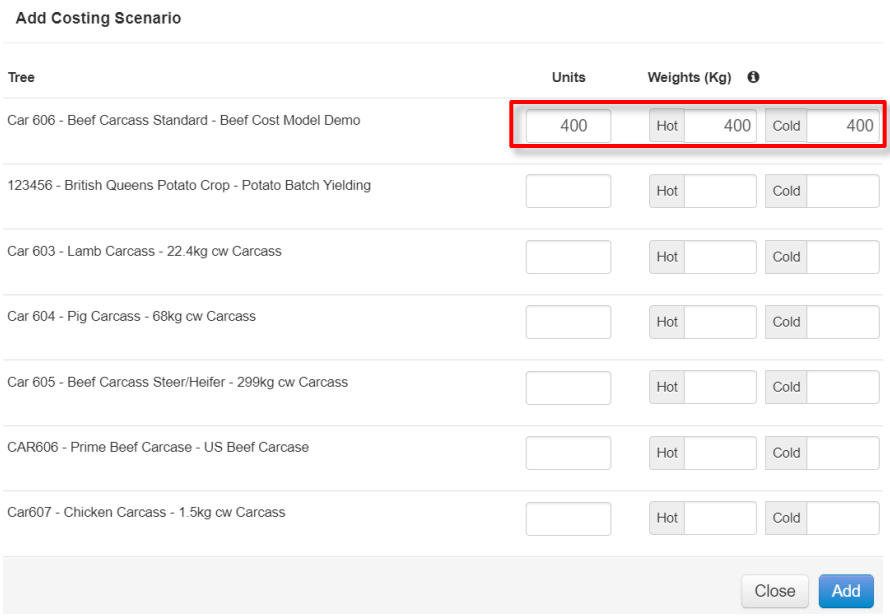
Step 4: Click **Add New Scenario**.



Step 5: Input the units – this usually number of head and the hot and cold weights

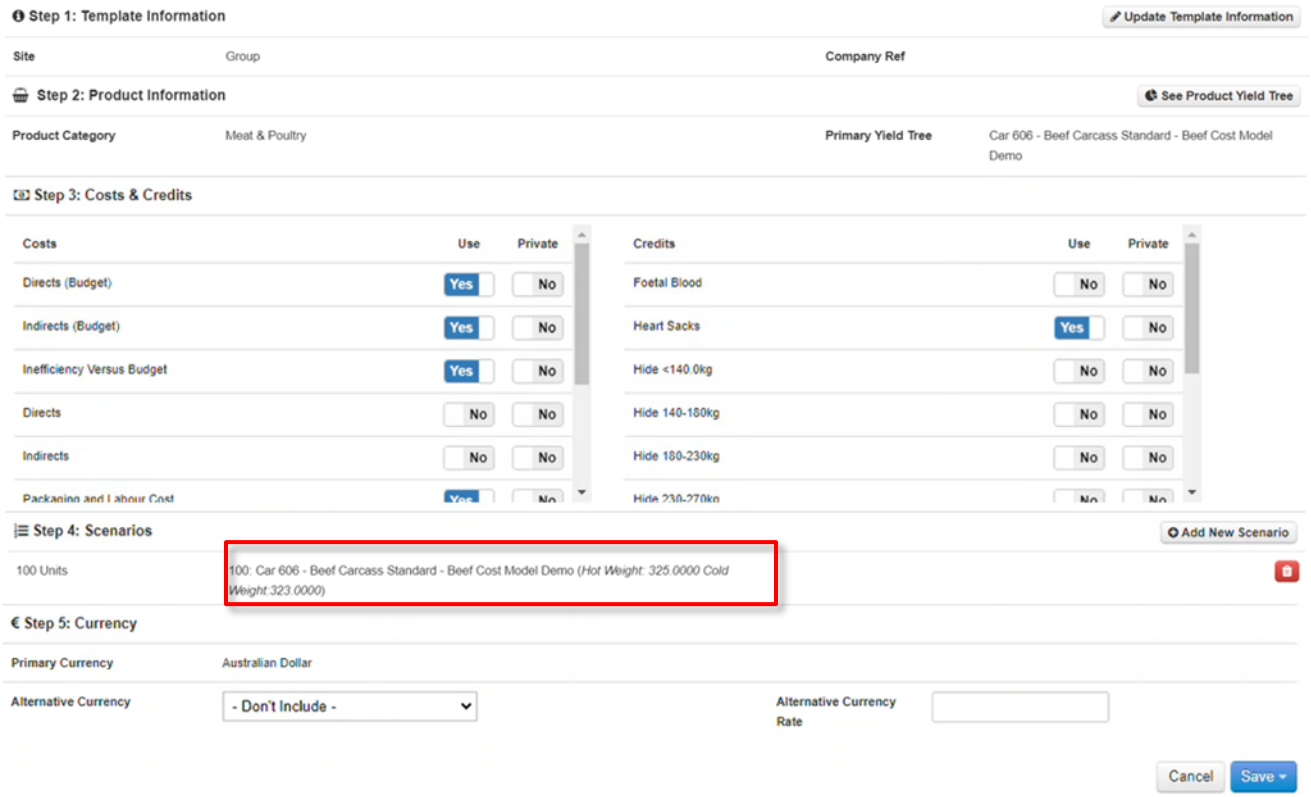
Where there is a Breakeven template which has linked trees, which is common across all Breakeven templates, you are populating the units and weight for the primary tree only.

What the system does in calculating that volume is that all of your expected volume is driven by this one scenario.



Step 6: Click **Add**

This scenario will then be added to the template.

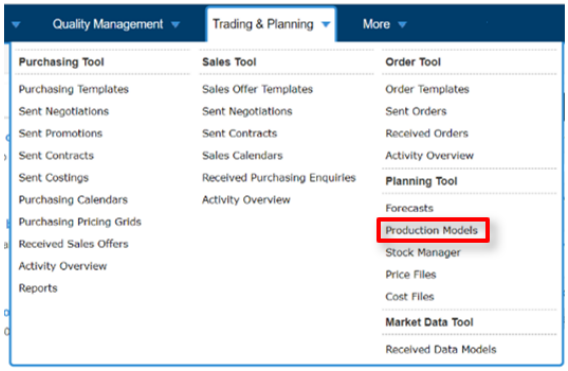


6. GENERATING A BREAKEVEN

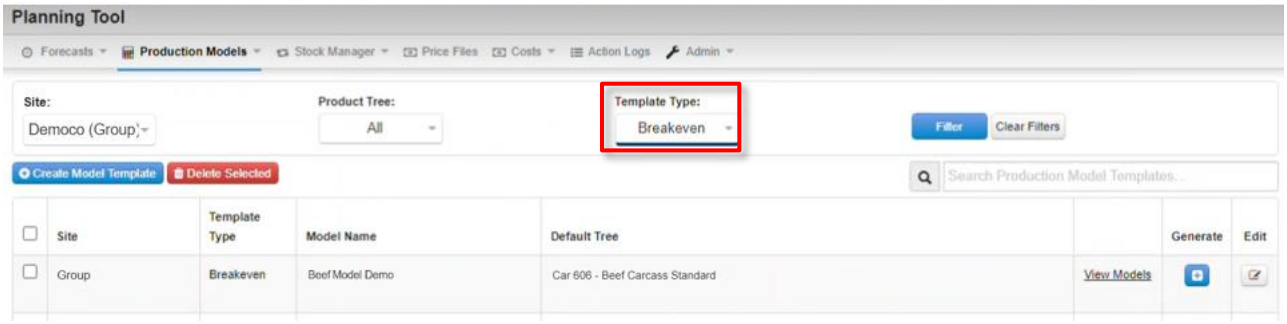
6.1 GENERATING A BREAKEVEN MODEL – CREATE NEW

Once the Breakeven template has been created it needs to be generated.

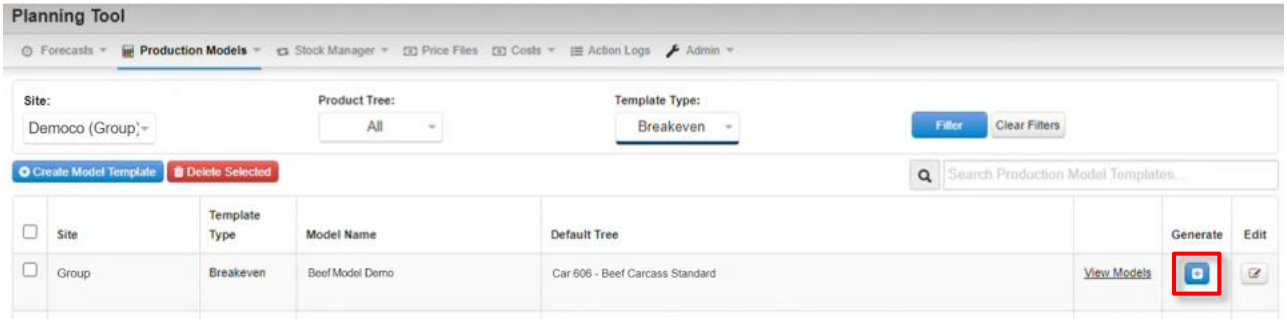
Step 1: Go to **Trading & Planning** and click **Production Models**.



Step 2: Then apply a **filter** so that only Breakeven templates show.

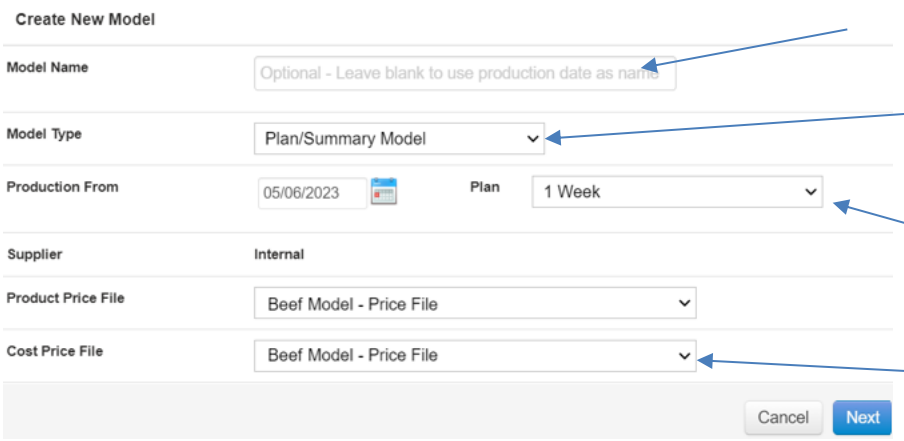


Step 3: Select **Generate New**



Step 4: Complete the **New Model information**

The Model Name is optional

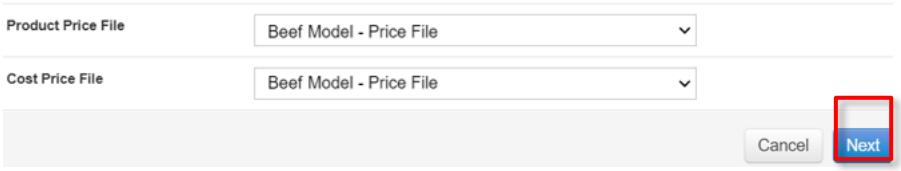


Select Plan/Summary Model

Select the Production From Date and set the number of plan weeks

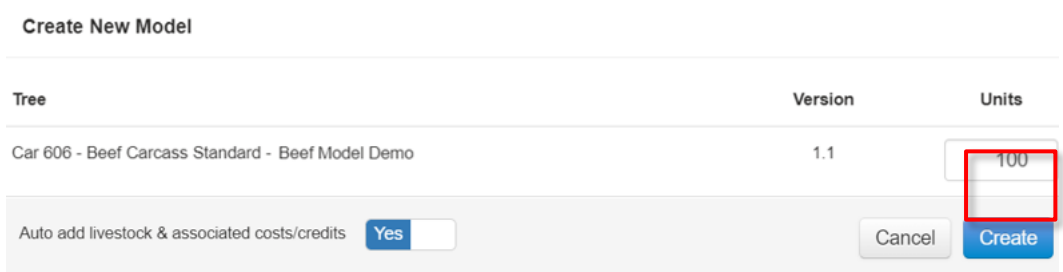
The Product Price File and Cost File will automatically link

Step 5: Click **Next**



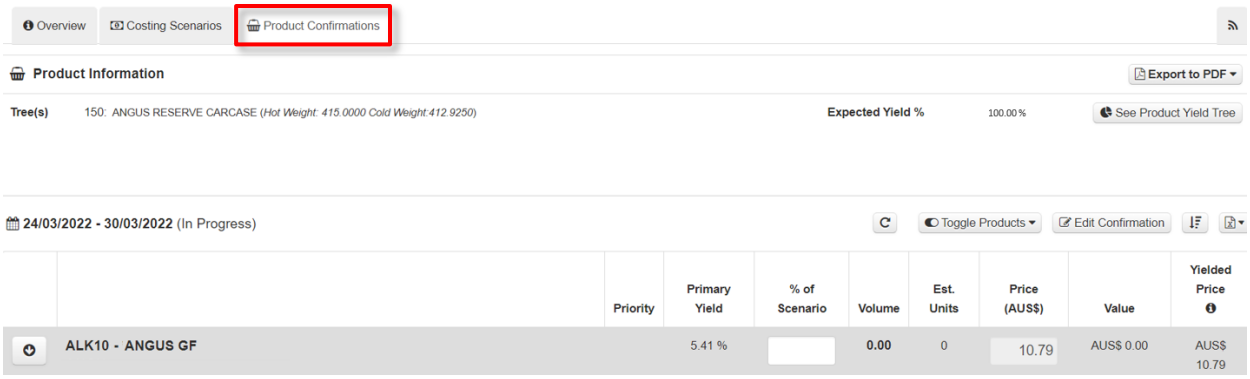
Step 6: Select the number of head needed to run into the Breakeven

Step 7: Click **Create**

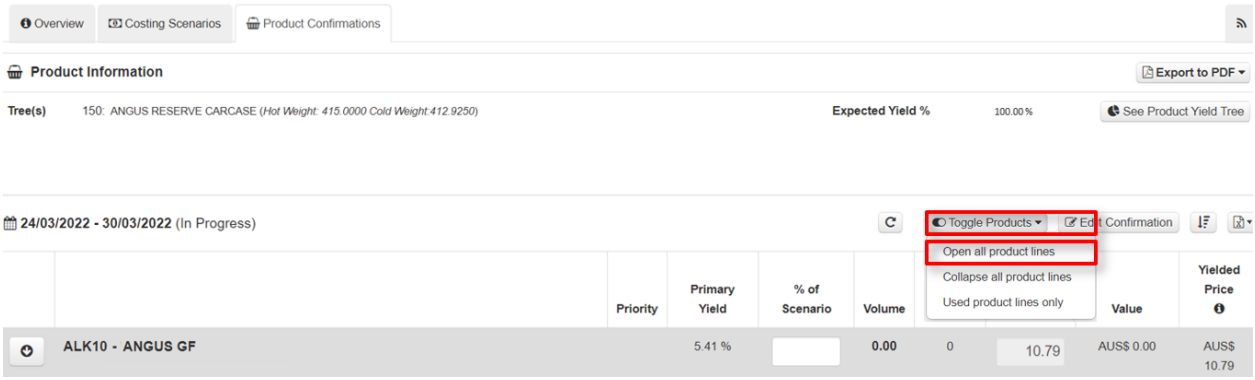


6.2 GENERATING A BREAKEVEN - CONFIRMATION

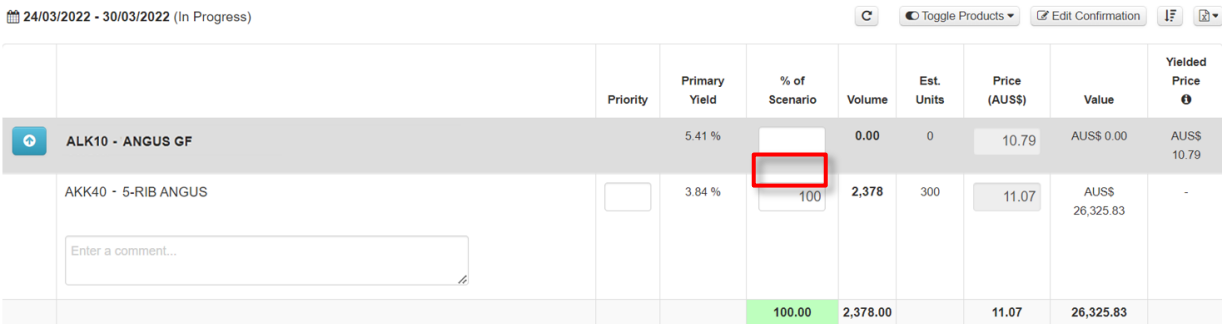
Step 1: Go to the **Product Confirmations** section of the required Breakeven



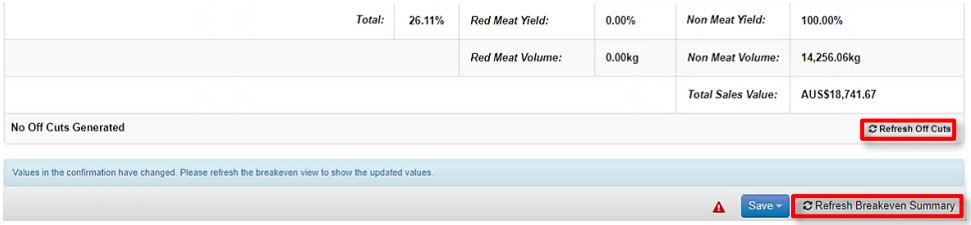
Step 2: Click **Toggle Products** and select **Open all product lines**



Step 3: Populate scenarios within every parent/child drop until 100% of the volume across all drops in the model has been populated. Repeat this process for all secondary trees.



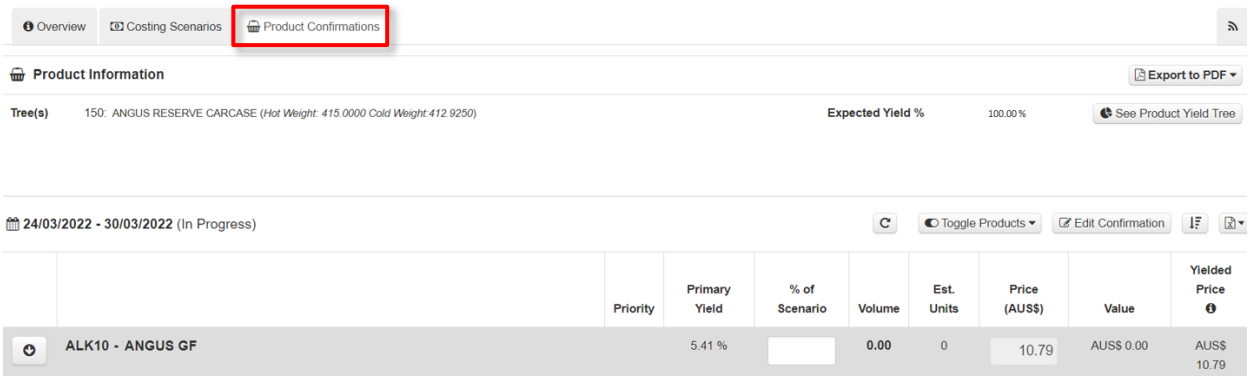
Step 4: At the bottom of the model, click **Refresh Offcuts** or **Refresh Breakeven Summary**



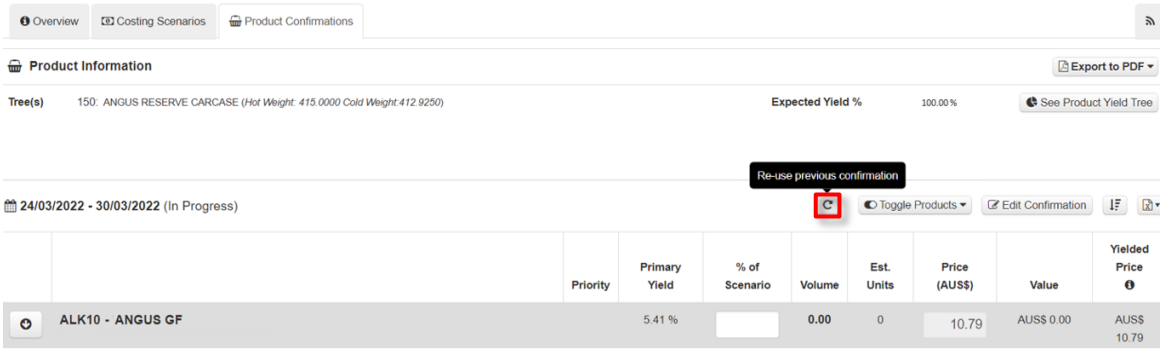
Step 5: To confirm the a Breakeven model, you must have every kilo of volume planned. Once this is done, click **Save** then **Save & Confirm**. You can also click Save & Exit but the model will not be confirmed yet if this option is chosen.

6.4 GENERATING A BREAKEVEN MODEL – RE-USING A PREVIOUS CONFIRMATION

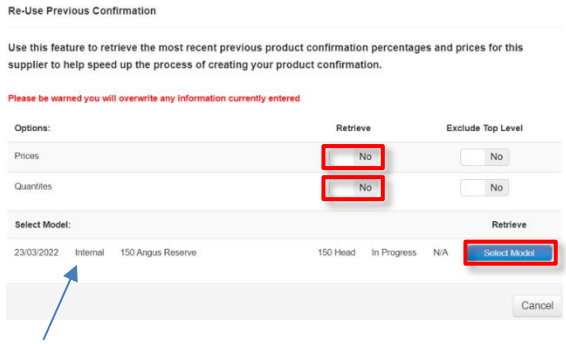
Step 1: Go into the **Product Confirmations** tab of the required model.



Step 2: Click **Re-use previous confirmation**

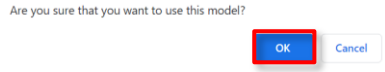


Step 3: Toggle on whether you would like to see prices, quantities or both. Then select the Breakeven that the prices and/or quantities will be pulled in from.



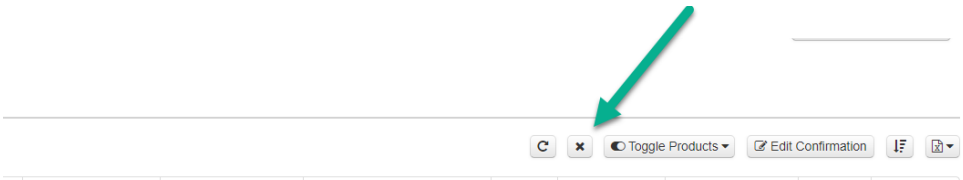
Note: It must be the same version of the same yield tree to be shown in the Select Model option list.

Step 4: Confirm that you want to use this model by clicking OK in the popup window.



Once the model has loaded, all of the parent/child drops will be populated within the model for all trees. Also, there will be no error message shown which means that every piece of meat that is in this carcase or every kilo of meat that's in this model, has been allowed for or assigned.

6.5 GENERATING A BREAKEVEN MODEL – CLEAR SCEANRIO



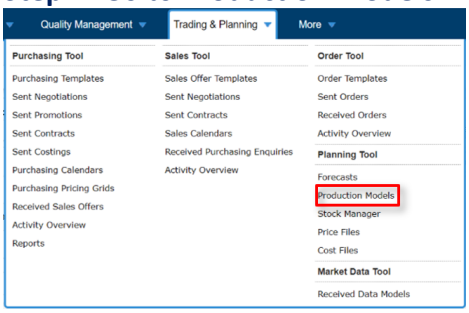
Step 1: Within the confirmation screen, select the “clear scenario” button, found beside the reuse button

Step 2: Select the button & wait for the fields to refresh. The % of scenario fields will now be blank.

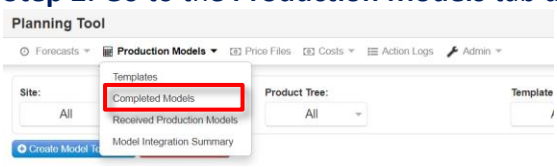
7. GENERATING A BREAKEVEN SUMMARY

7.1 GENERATING A BREAKEVEN SUMMARY – CREATE NEW

Step 1: Go to **Production Models** within Trading & Planning.

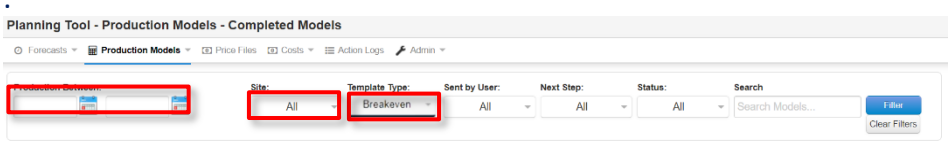


Step 2: Go to the **Production Models** tab dropdown and select **Completed Models**

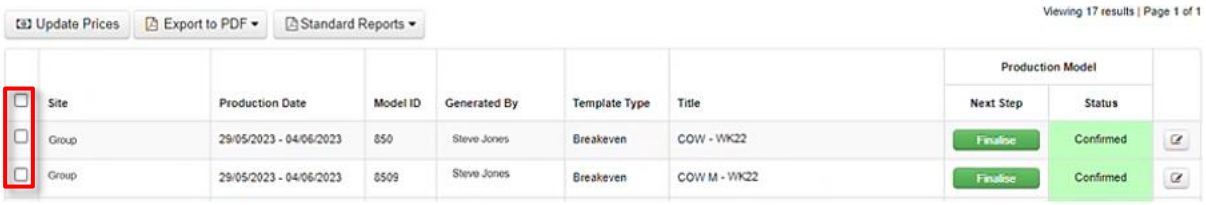


Step 3: Use filters to find the Breakeven templates.

.

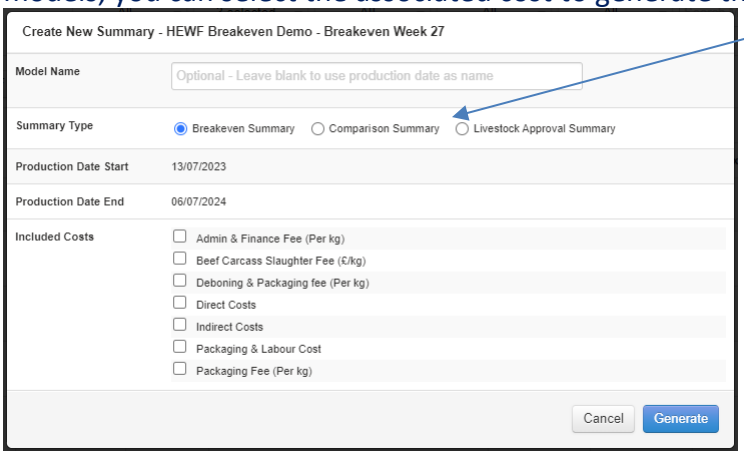


Step 4: Select the required model(s). All models can be selected if necessary



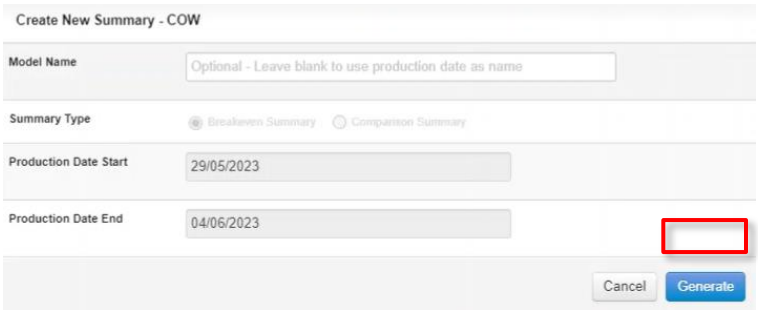
Step 5: Click **Standard Reports** then **Generate Report**

Step 6: Fill in the **Model Name** (Optional), select the **Summary Type** (if available – dependent on your template selection) and **Production Start / End Dates**. If costs are included in the breakeven models, you can select the associated cost to generate the breakeven summary report.

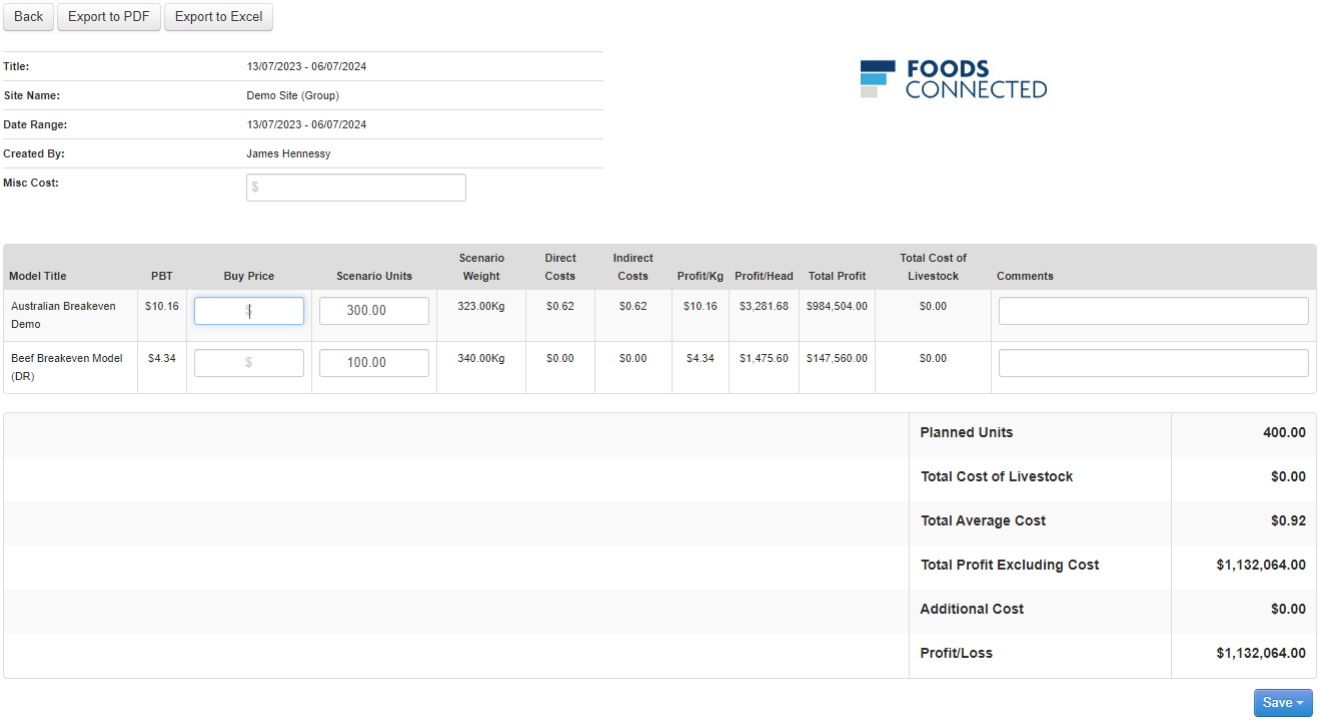


If these options are greyed out it means that there is only one option available based on the templates selected for the summary.
Breakeven Summary allows for data to be pulled in from different templates into a summary to calculate weekly P&L whereas the Comparison summary allows for comparison between Breakevens from the same template.
Please see Section 8 on how to create a Comparison Summary.

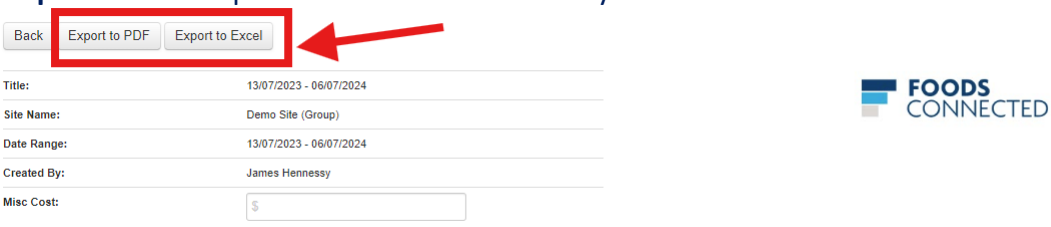
Step 7: Click **Generate**



Once the summary is generated, it will look similar to the below:

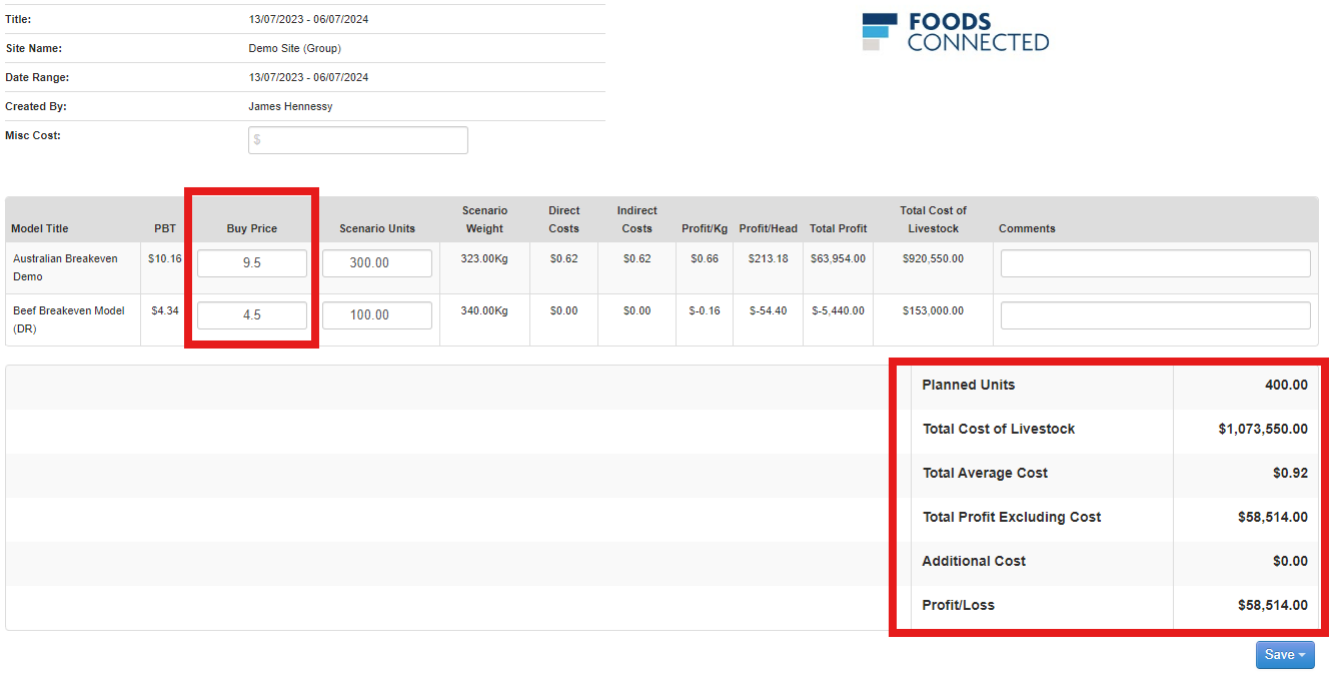


Step 8: You can export the breakeven summary as an Excel file or a PDF file.



7.2 GENERATING A BREAKEVEN SUMMARY – CONFIRMATION

Step 1: Once exported, input the buy price for every Breakeven in the model. Scenario units (head) can be edited here too.
Once this is complete there will be a total profit for each line item.



Title:	13/07/2023 - 06/07/2024
Site Name:	Demo Site (Group)
Date Range:	13/07/2023 - 06/07/2024
Created By:	James Hennessy
Misc Cost:	$

Model Title	PBT	Buy Price	Scenario Units	Scenario Weight	Direct Costs	Indirect Costs	Profit/Kg	Profit/Head	Total Profit	Total Cost of Livestock	Comments
Australian Breakeven Demo	$10.16	9.5	300.00	323.00Kg	$0.62	$0.62	$0.66	$213.18	$63,954.00	$920,550.00	
Beef Breakeven Model (DR)	$4.34	4.5	100.00	340.00Kg	$0.00	$0.00	$-0.16	$-54.40	$-5,440.00	$153,000.00	

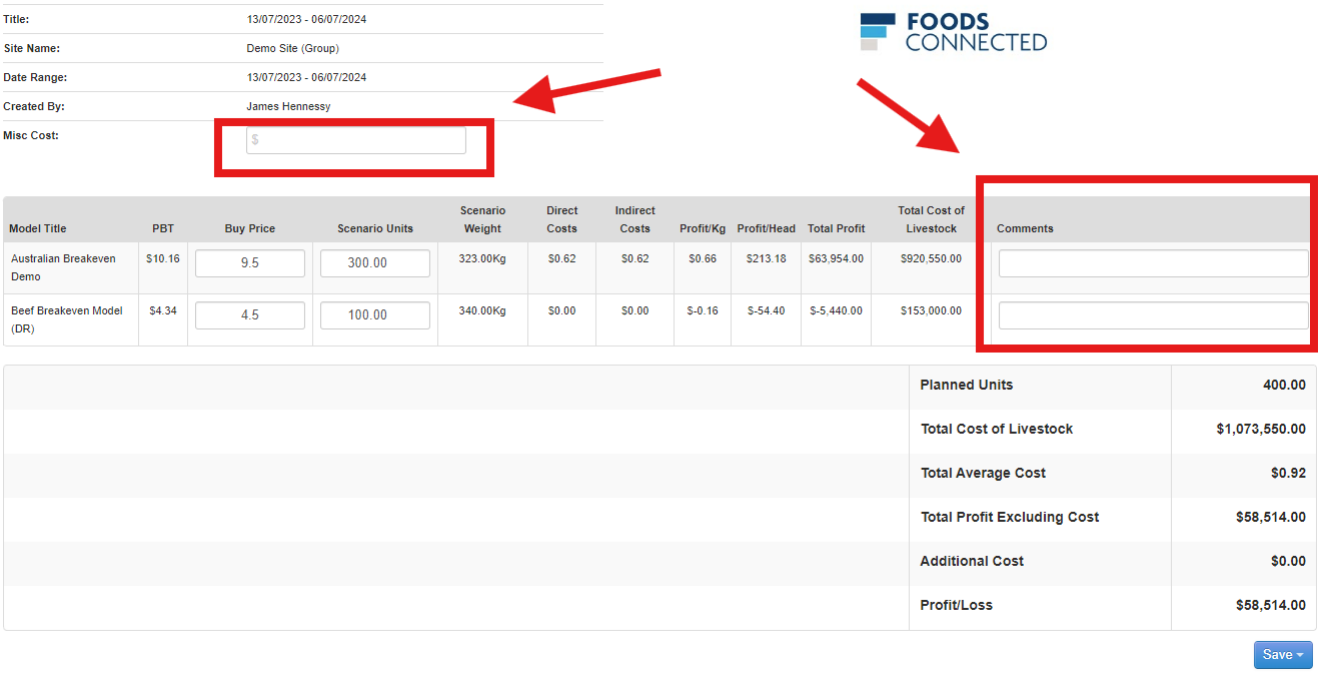
Planned Units	400.00
Total Cost of Livestock	$1,073,550.00
Total Average Cost	$0.92
Total Profit Excluding Cost	$58,514.00
Additional Cost	$0.00
Profit/Loss	$58,514.00

Save

PBT: Pulling from the Breakeven
Scenario Weight: Pulling from the Breakeven – the weight used in the scenario in the model
Profit/Kg: Difference between PBT and Buy Price
Profit/Head: Profit per Kg multiplied by the Scenario Weight
Total Profit: Profit per Head multiplied by the Scenario Units
Total Cost Livestock: Scenario Weight multiplied by Scenario Units multiplied by Buy Price

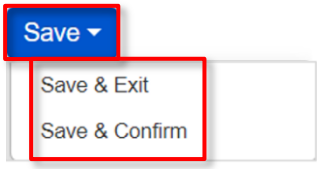
At the end of the Summary there is a summary data section as shown in the above screenshot.

Planned Units: Total Number of Scenario Units within the model
Total Cost of Livestock: Sum of Total Cost of Livestock column
Total Average Cost: Average Cost
Total Profit Excluding Cost: Sum of the Total Profit column
Additional Cost is always zero unless populated in the Misc Cost section at the top of the summary



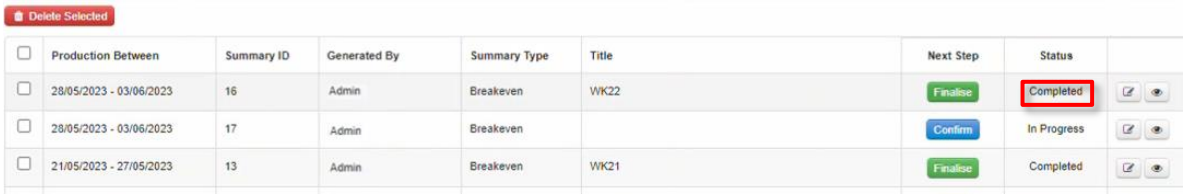
Step 2: Populate **Comments** if necessary as shown in the above screenshot.

Step 3: Click **Save & Exit** or click **Save & Confirm.**

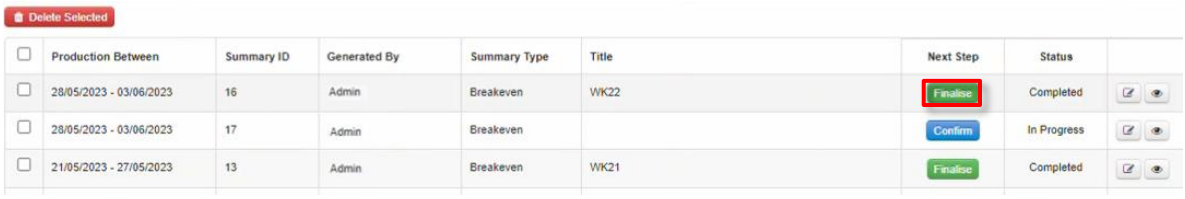


When a report is confirmed, it automatically goes to a **Confirmed status so will need finalised**. Follow the steps below to finalise a report.

Note: this is based on access levels so only select users can compete this step.

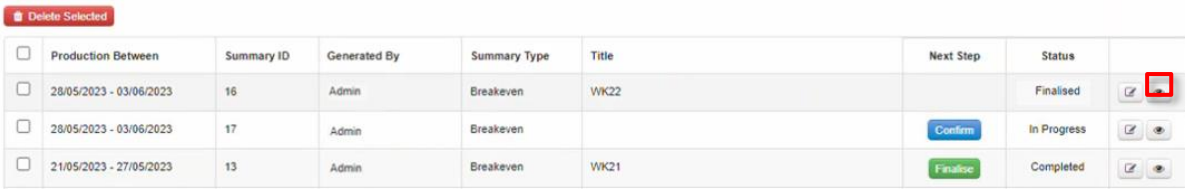


Step 4: To finalise the report, click **Finalise**.

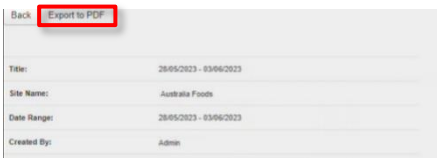


Once finalised, the **status will move to Finalised** and there will be no next steps required.

To view the report click the **View** / **eye icon**.



The report can be exported to PDF by clicking **Export to PDF**

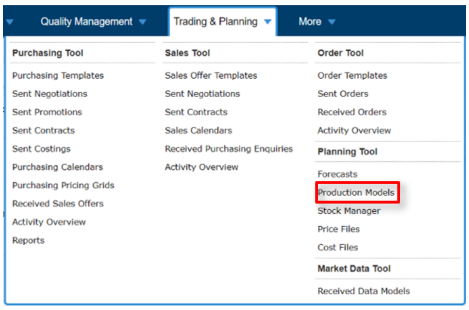


8. GENERATING A COMPARISON SUMMARY

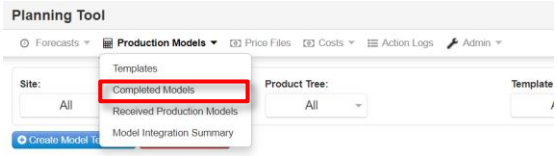
To generate a Comparison Summary, you need to have 2 or more Breakevens of the same template. This will allow you to compare the same data at different time intervals.

8.1 GENERATING A COMPARISON SUMMARY – CREATE NEW

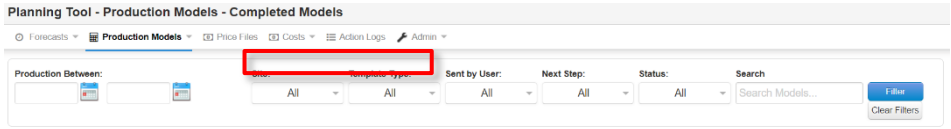
Step 1: Go to Production Models within Trading & Planning



Step 2: Click the **Production Models** tab dropdown and select **Completed Models**



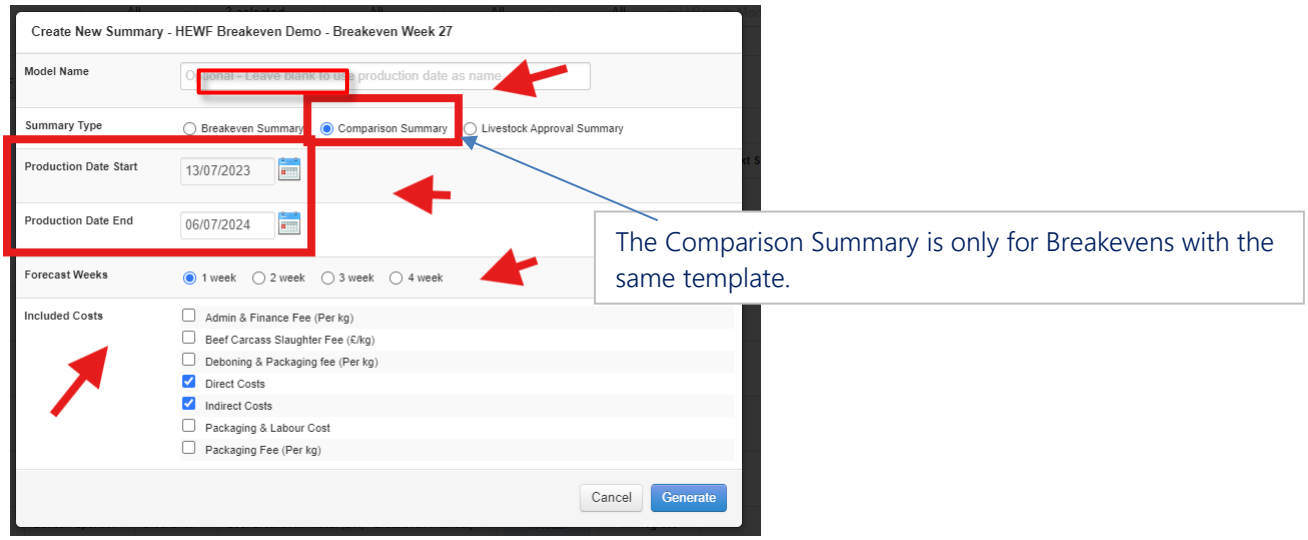
Step 3: Use the Site and Template Type filters to find the Breakeven templates.



Step 4: Select 2 or more models using the check boxes beside ensuring that they have the same template.

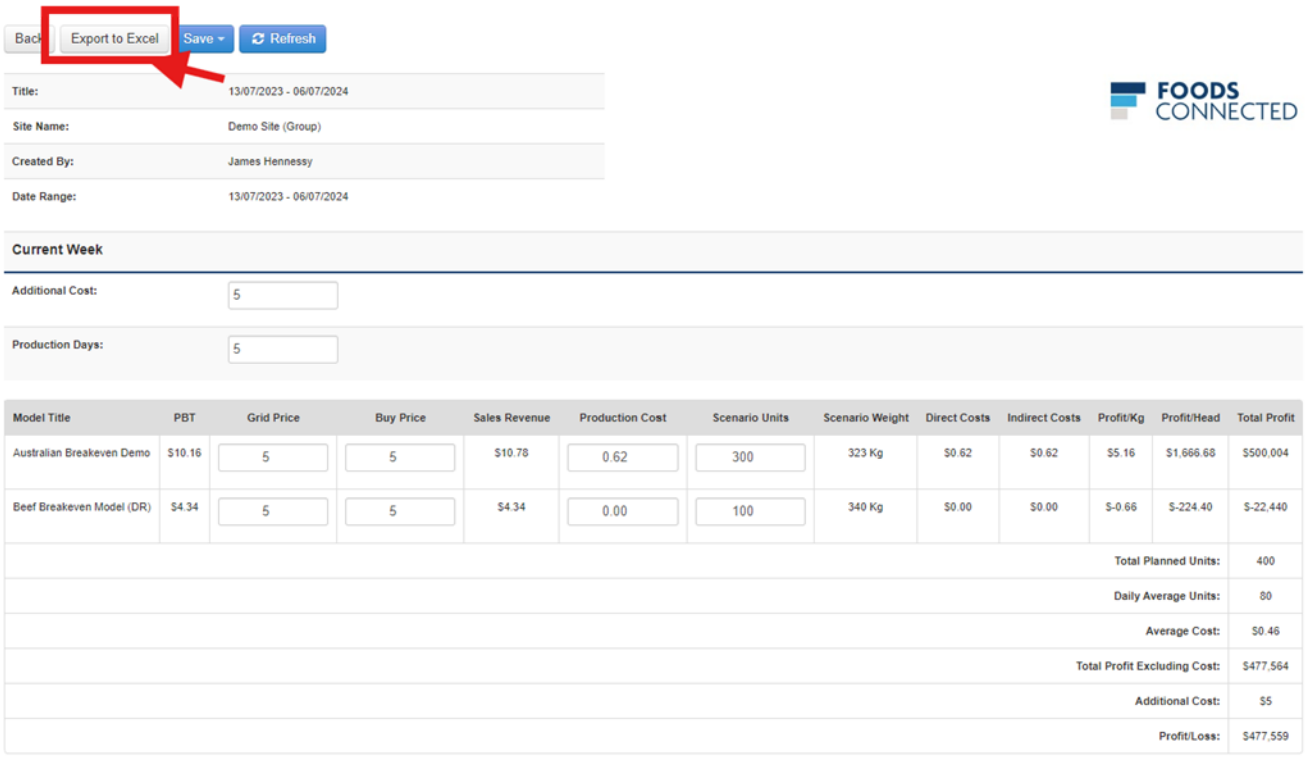
Step 5: Select **Standard Reports** then **Generate Report**

Step 6: Complete the Summary Details which includes an optional **Model Name**, **Summary Type** (in this case it would be Comparison summary), select the **Production Start/End date** and the **Included Fields**.



Step 7: Click **Generate**

The Comparison Summary will then be generated and will look similar to the below. This will show a comparison of the selected models.



This summary can also be exported to Excel if necessary by clicking **Export to Excel**

9. GENERATING A LIVESTOCK APPROVAL SUMMARY

To generate a livestock approval summary, you need two breakeven models of the same template. This will allow you to compare the proposed and previous models.

9.1 GENERATING A COMPARISON SUMMARY – CREATE NEW

Step 1: Go to Production Models within Trading & Planning

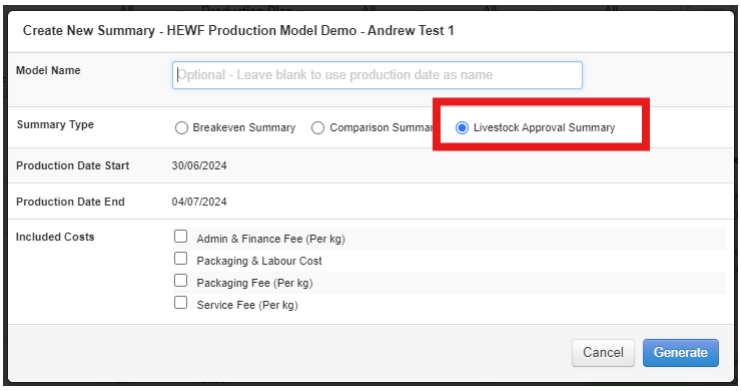
Step 2: Click the **Production Models** tab dropdown and select **Completed Models**

Step 3: Use the Site and Template Type filters to find the Breakeven templates.

Step 4: Select 2 models using the check boxes beside ensuring that they have the same template.

Step 5: Select **Standard Reports** then **Generate Report**

Step 6: Complete the Summary Details which includes an optional **Model Name**, **Summary Type** (in this case it would be Livestock Approval Summary). Click **Generate.**



The Livestock Approval Summary will then be generated and will look similar to the below.

Back | Export to PDF | Export to Excel

Title:	30/06/2024 - 04/07/2024
Site Name:	Demo Site (Group)
Date Range:	04/07/2024 - 04/07/2024
Created By:	James Hennessy

Model Title	PBT	Grid Price	Buy Price	Scenario Units	Scenario Weight	Profit/Kg	Profit/Head	Total Profit	Total Cost of Livestock	Comments
Previous										
HEWF Production Model Demo	$10.01	5	5.1	100.00	323.00Kg	$4.91	$1,585.93	$158,593.00	$164,730.00	
Proposed										
HEWF Production Model Demo	$8.94	5	5.1	100.00	323.00Kg	$3.84	$1,240.32	$124,032.00	$164,730.00	
	$-1.07	$0.00	$0.00	0.00	0.00Kg	$-1.07	$-345.61	$-34,561.00	$0.00	

Planned Units	100.00
Total Cost of Livestock	$164,730.00
Total Profit Excluding Cost	$124,032.00
Total Variance To Previous P&L	$-34,561.00
Profit/Loss	$124,032.00

Save