NAVIGATE INSIGHTS • NO. 01 • NOVEMBER 2026

FREE TO SHARE

Where your margin goes

Most food and drink businesses lose margin in the same five places between the plan and the bank. This guide shows where to look and what to check this month.

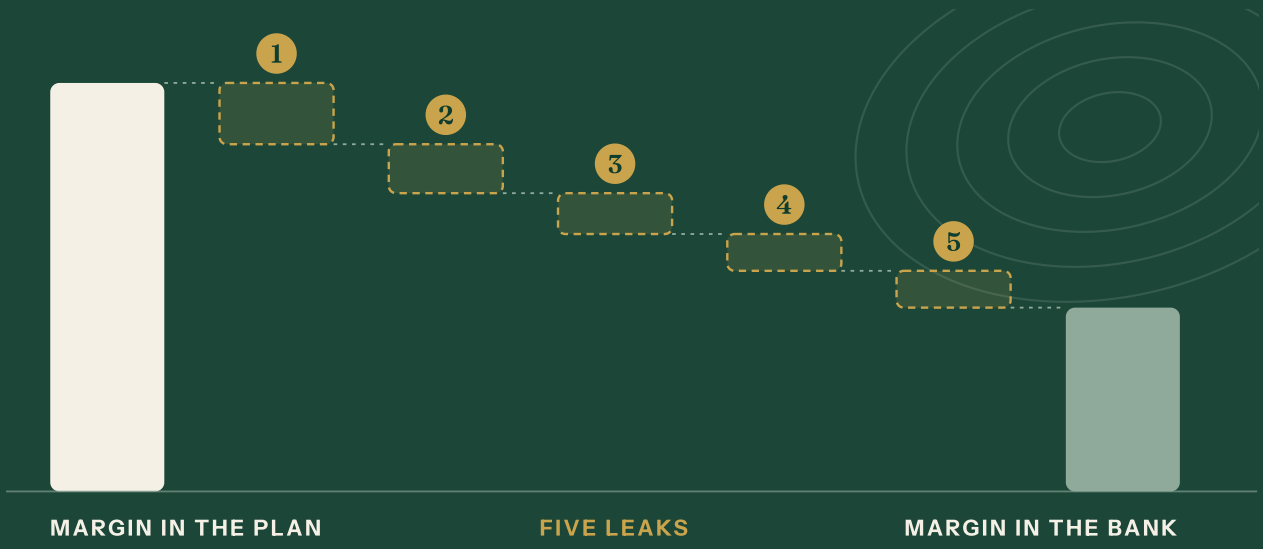


Illustration: how margin falls away between the plan and the bank

+10.8%

rise in what UK manufacturers paid for materials and fuel, while food makers' own selling prices stayed flat.

ONS, year to October 2026

INSIDE

2 The squeeze: costs up, prices flat
3 Where margin goes between plan and bank
4 The five leaks and their warning signs
5 Five checks to run this month

Navigate

IMPROVE • GROW • SUCCEED

Strategic consultancy for UK food and drink

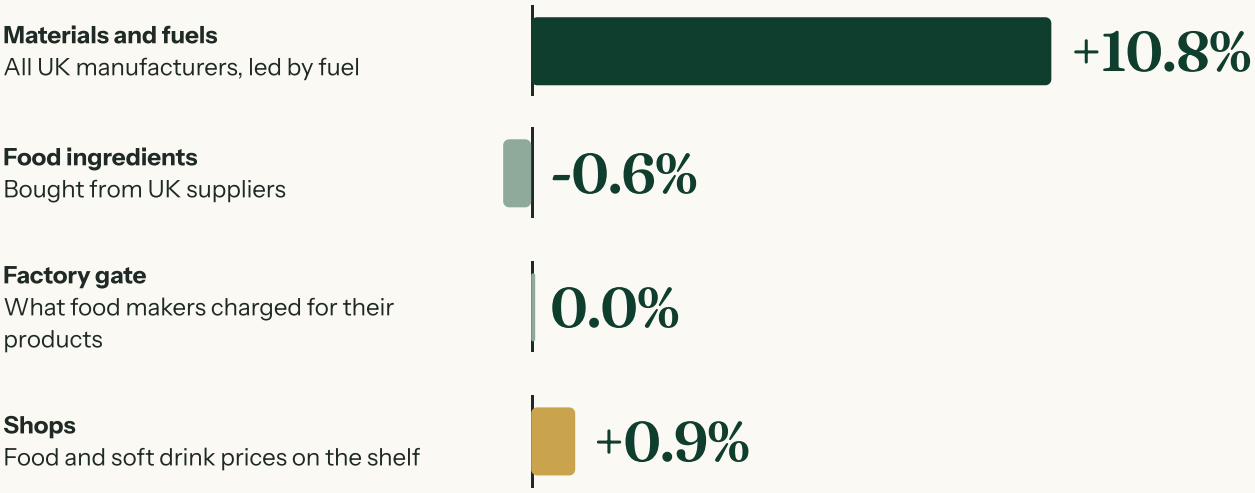
Costs up, prices flat

Navigate

Fuel and energy costs are rising sharply. Food makers' selling prices are flat. Until prices move, the margin you need has to come from inside the business.

PRICE CHANGE IN THE YEAR TO OCTOBER 2026

ONS, PUBLISHED 18 NOV 2026



For food makers the pressure is energy, fuel, packaging and pay, not ingredients. The top figure covers all UK manufacturers.

WHO IS ABSORBING IT



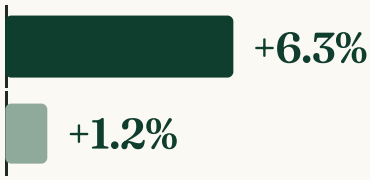
2 in 3

food and drink manufacturers have absorbed recent cost rises rather than pass them on.

FDF State of Industry, Q2 2026

THE SQUEEZE IS NOT EVEN

Rise in costs in the first four months of the Middle East conflict



Businesses with lean teams face the same cost increases with fewer people to manage them.

FDF State of Industry, Q2 2026

Lost margin is rarely in one place. It is usually spread across five.

That has held in every business we have worked in, across procurement, supply chain and finance. It goes unnoticed for three reasons:

Small amounts
Each leak is small, so none of them reaches the board pack.

Wrong report
Much of it sits in production and sales data, not in the accounts.

Old costs
Standard costs that have not caught up with energy, packaging and pay.

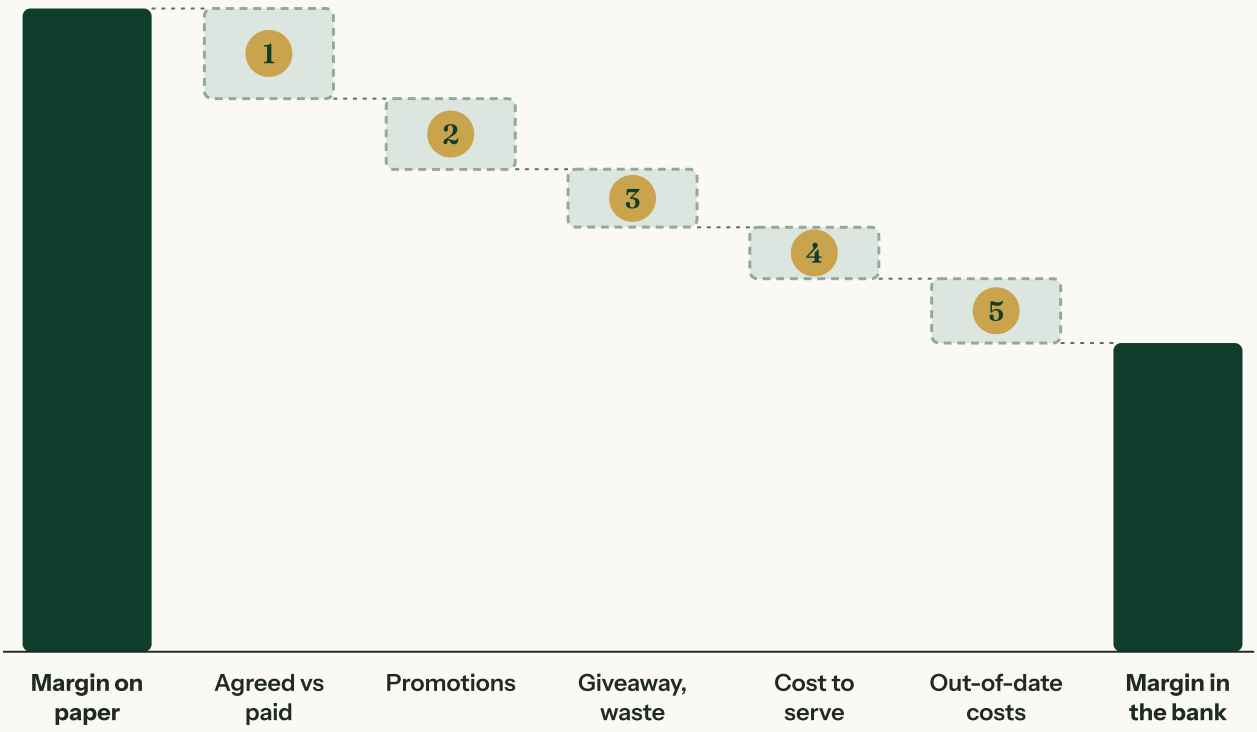
WHERE IT GOES

From plan to bank

Navigate

The margin in your plan is rarely the margin that reaches the bank. The difference is made up of small losses, and in most businesses they sit in the same five places.

HOW MARGIN LEAKS BETWEEN THE PLAN AND THE BANK



Illustration, not to scale. The size of each leak differs from business to business.

THE FIVE PLACES TO LOOK

1. The gap between agreed and paid
2. Promotions that run on
3. Giveaway and waste
4. What each customer costs to serve
5. Products that look better than they are

WHAT IT TAKES

You do not need a new system.

You need the data you already hold (invoices, promotion records, production records and customer orders) and people who know where to look.

Where to look, and what to look for

Navigate

1 The gap between agreed and paid

Invoices drift from what was agreed: surcharges that were never removed, price rises charged before their start date, volume rebates not claimed because nobody tracks the thresholds.

WARNING SIGN

Nobody can give your top suppliers' agreed prices without looking them up.

WHERE TO LOOK

Last quarter's invoices against contracts

2 Promotions that run on

Trade spend is often the largest cost with no single owner. Deals run past their end date, retailer deductions go unchallenged, and few deals are checked for profit after discount, waste and handling.

WARNING SIGN

Trade spend is one budget line with no owner per deal.

WHERE TO LOOK

Every live promotion and deduction

3 Giveaway and waste

Overfilling to stay safe on weight. Trim that isn't sold. Short-life stock written off. Raw materials bought in the wrong pack size.

WARNING SIGN

Waste is reported as a percentage, never in pounds.

WHERE TO LOOK

Pack weights, yields and write-offs by line

4 What each customer costs to serve

A small drop to a distant depot, a rush order, a special pack for one account. Standard costing spreads these evenly, so expensive customers look as profitable as the rest.

WARNING SIGN

Every customer carries the same overhead rate.

WHERE TO LOOK

Drops, order sizes and special packs by customer

5 Products that look better than they are

When energy, packaging and labour costs move, the ranking of your most profitable products can change. A bestseller can be making a loss at today's costs.

WARNING SIGN

Standard costs last updated over a year ago.

WHERE TO LOOK

Your top products, re-costed at today's prices

WHAT TO DO

Five checks to run this month

Navigate

Five checks a chief executive or finance director can start this month, using data you already hold.

1 Check the invoices

Take your top 20 suppliers and compare last quarter's invoices with the agreed prices and terms. List every difference.

WHO
Buyer + finance
YOU'LL HAVE
A list of differences, in pounds

2 Own every promotion

List each live promotion and retailer deduction with its end date and an owner. Stop anything nobody owns.

WHO
Commercial lead
YOU'LL HAVE
Every deal with an end date and owner

3 Put waste in pounds

Ask production for giveaway and waste by line, in pounds rather than percentages, so the board can see it.

WHO
Operations
YOU'LL HAVE
Waste and giveaway by line, in £

4 Re-cost the top 10

Re-cost your ten biggest products at today's input prices and see whether the ranking changes.

WHO
Finance
YOU'LL HAVE
A margin ranking at today's costs

5 Cost your biggest customers

For your five largest customers, add up what it really costs to serve each one.

WHO
Finance + logistics
YOU'LL HAVE
The real cost to serve your top five

SCORE YOURSELF

How many of the five warning signs on page 4 apply to your business?

0 to 1
Good control. Check again after the next price round.

2 to 3
Margin is leaking. Start with the five checks above.

4 to 5
There is significant margin to recover. An outside view will help.

> **Recovered margin goes straight to profit. A price rise has to be negotiated.**

SOURCES (opened 20 November 2026): ONS, Producer price inflation, UK: October 2026 (www.ons.gov.uk/economy/inflationandpriceindices/bulletins/producerpriceinflation/october2026); ONS, Consumer price inflation, UK: October 2026 (ons.gov.uk); FDF, State of Industry Report Q2 2026 (fdf.org.uk). Contains public sector information licensed under the Open Government Licence v3.0.

GET IN TOUCH

Talk to us. The first call is free.

Tom Baker and Amanda Wright founded Navigate in 2026 to help food and drink businesses improve, grow and succeed, using what they learned in 50 years of running them. If this guide sounds like your business, book a call.

FIRST CALL, FREE

An hour on Teams about your pressures and plans. We will tell you plainly whether we can help.

AN HONEST VIEW

Whether we can help, or more scoping, still free, if it isn't clear yet. We work from the data you already have.

THE WAY THAT FITS

Fixed fee, shared savings or a monthly retainer: we agree the way of working that suits you best.

Amanda Wright

CO-FOUNDER & COO

Hands-on food and drink director with 25 years across procurement, supply chain and operations, most recently at board level, managing up to £300m of direct spend.

Tom Baker

CO-FOUNDER & CFO

Board-level finance and strategy director with 25 years in food and drink. Turnarounds, acquisitions and investments delivered across the UK and Ireland, Asia, Africa and the Middle East.

WHAT YOU CAN EXPECT

- You work directly with both of us, with no hand-offs or junior teams.
- Actions your team can own, not a report that sits on a shelf.
- We tell you what we find, including what you may not want to hear.

Our success is linked to yours.

hello@navigateconsultancy.co.uk

linkedin.com/company/navigateconsultancy

Navigate

IMPROVE • GROW • SUCCEED