

# FMCG – Business Simplification – Re-Engineering the Supply Chain

## The Challenge

Complexity in consumer goods is well known, however this leads to many direct and indirect costs. The major customers to FMCG suppliers continually look to reduce / manage complexity within their supply chains wherever they can. A global FMCG company sold approx. 7,500 SKUs across Europe in this sector.

The client in this sector has not been financially performing therefore a large pressure was on to maintain market share whilst reducing costs.

A desire to expand its portfolio and launch product upgrades but had to achieve within existing trade terms and shelf space at retailers sales points and warehouses.

## The Solution

Using first principles supported by a new technology, reverse engineered product offerings to maximize distribution efficiencies (golden unit).

Compressed product into golden units dimensions reducing overall size by ~15-20% whilst eliminating count specific units.

Utilised 3D secondary packaging and palletisation.

Implemented European regional packaging and supply chain team.

Developed a cross functional new product implementation process from concept to shelf.

Developed European supply strategy for key materials.

Collaborated with key suppliers to reduce supplier complexity.

Eliminated count specific/ marketing specific solutions.

## The Results

A genuine end-to-end Supply Chain transformation.

Annual savings >\$40million / annum.

- Increased number of products on existing retailer shelf space by 25%.
- Improved distribution efficiency by 55%.
- Material specification reduction from >200 to less than 10.
- Reduced raw material costs by 35%.
- Reduced operational changeovers by 80%.
- Reduced manufacturing cycle by 20%, reducing inventory by 10%.
- Improved speed to market from 12 to 8 weeks from concept to shelf.
- Supplier / European supply strategy simplification.
- Standard sales units meant no more change!