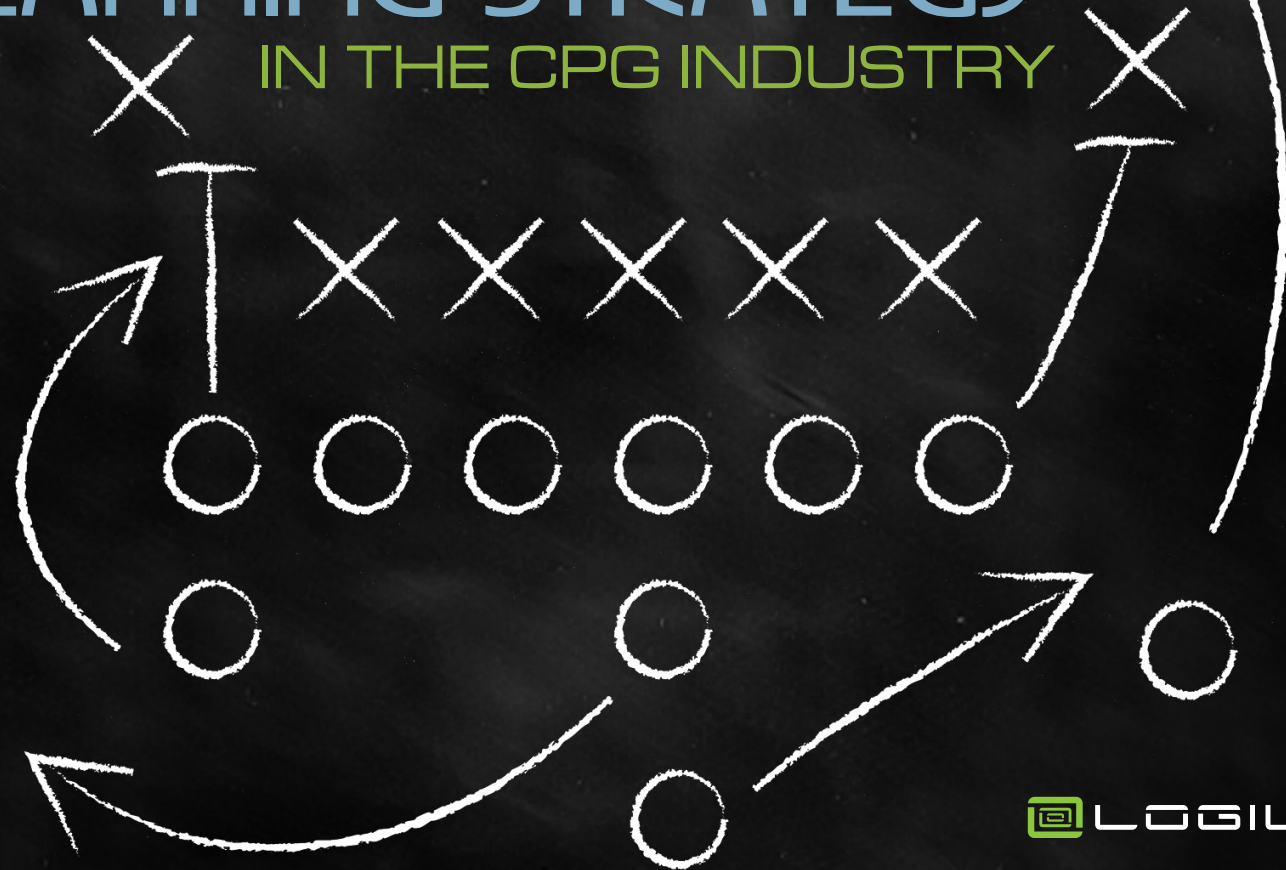


# DEFINING THE RIGHT SUPPLY CHAIN PLANNING STRATEGY IN THE CPG INDUSTRY

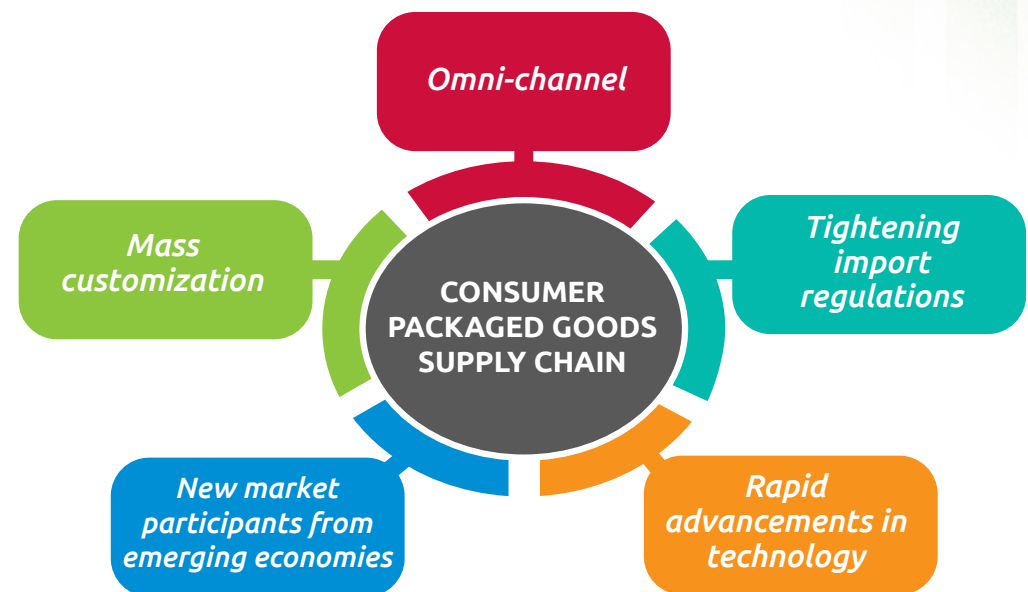


# INTRODUCTION

Many consumer package goods (CPG) companies face the same challenges as fashion businesses including high turnover in styles, colors and assortments and the need to meet regional and sometimes localized customer product requirements.

To be successful, CPG supply chain teams must maneuver astutely around seasons, life cycles, assortments, promotions and retail demand signals across multiple planning horizons. Synchronized planning across the short, medium and long-term horizons is absolutely crucial to profitability and competitiveness.

This e-book examines the role a comprehensive planning system plays in building the right strategy for every phase, including long, medium and short-term horizons.



**Figure 1.** Market forces strain the supply chain and increase complexity

# TOP METRICS AND BARRIERS IN THE CONSUMER PRODUCTS INDUSTRY

Top Metrics Used by Consumer Products Companies for Supply Chain Improvement	%
Forecast Accuracy	76%
% Gross Margins	69%
Profitability	69%
% Complete Order Fill Rate/ Customer Services/Perfect Orders	66%
Inventory Turns	64%
% Out of Stocks	58%
Stockouts	52%
Days of Supply	51%
Increased Sales/ Increased Assets	51%
Lead-Times	51%

Top Barriers to Realizing Value Due to Your Current Technology Architecture	%
Applications are not integrated to each other	66%
Difficult to do “what if” scenario analysis	60%
Data gets outdated too quickly	45%
Inadequate reporting and analytics	45%
Too many spreadsheet-driven processes	42%
Applications are too expensive to implement and maintain	43%
Too difficult to run the S&OP application more frequently	33%

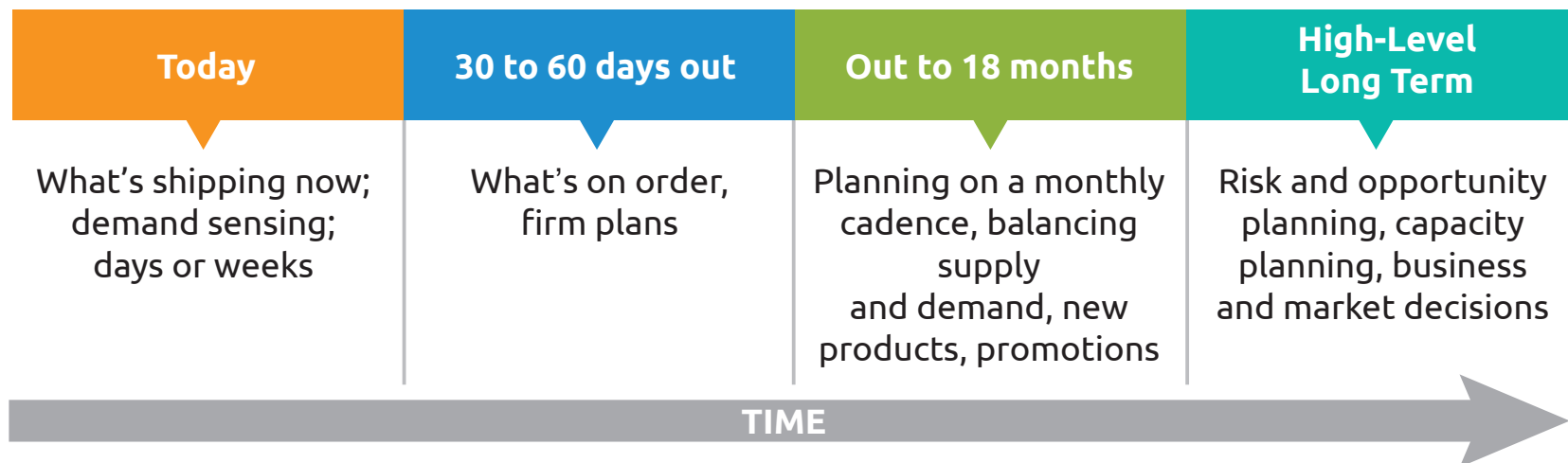
Source: Logility & Consumer Goods Technology

# THE CHALLENGE OF MULTIPLE PLANNING HORIZONS

Even under the best circumstances, developing production/sourcing plans three, six, or nine months into the future with a high degree of confidence is difficult for many CPG teams. Huge sales and margin impacts hang in the balance. Once orders are placed, the ability to nimbly respond to changes in demand can mean the difference between profit and loss.

A comprehensive planning platform is essential in mastering long-, medium- and short-term business planning to ensure the right moves are made at the right time to maximize your business strategy.

While each business has its own approach and way of looking at the planning timeline, think in terms of four planning horizons:

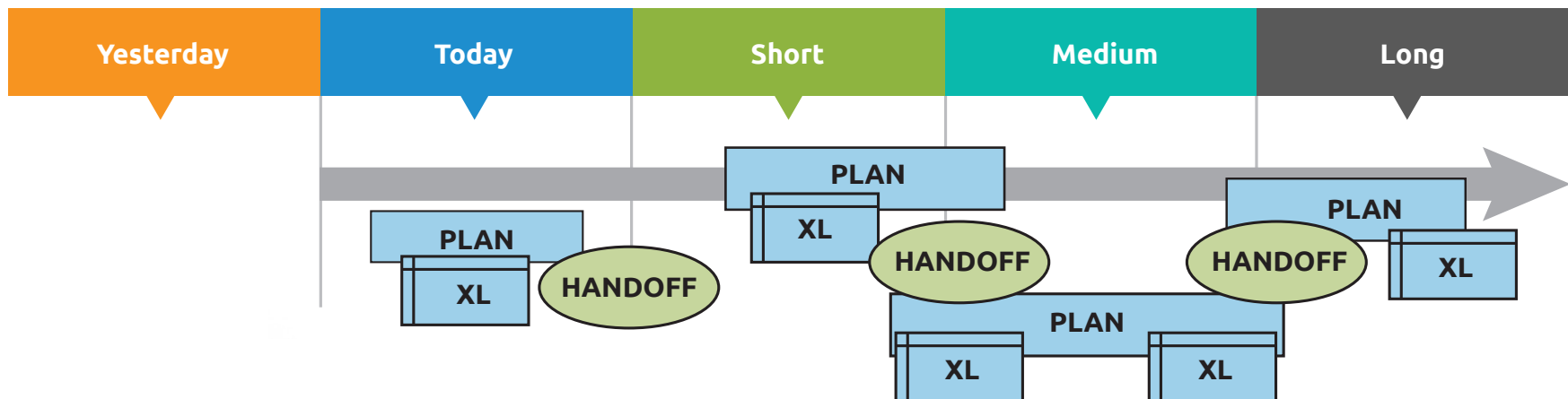




# FRAGMENTED PLANNING PROCESS

Unfortunately in most companies, there are multiple planning processes being managed by different groups using different data sets, assumptions and systems. As in the classic game of Telephone, when an initially clear message passes through a series of players, it gets distorted with every handoff until it is not recognizable. Managing planning horizons can be a similar experience—siloed processes can lead to miscommunication, misalignment, extra work and missed opportunities.

To exasperate the problem, planning is often conducted using standalone spreadsheets, which are poor collaborative tools and highly prone to error. With millions of SKUs and part numbers, plans fall into siloes that are buffered, biased and second-guessed out of all proportion to what's optimal.



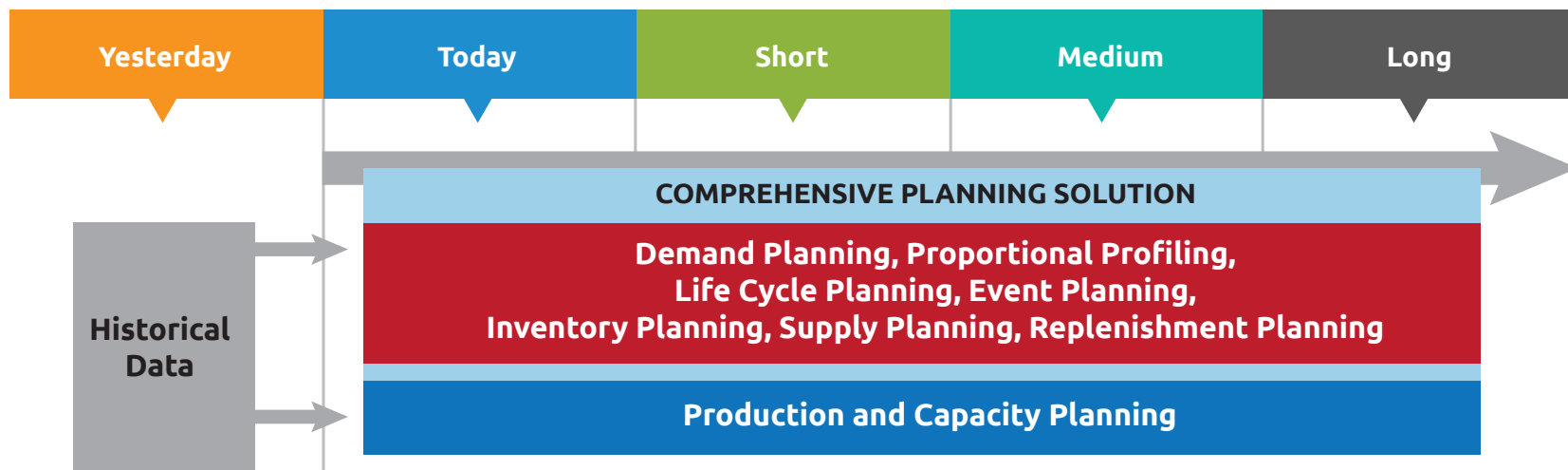
# INTEGRATED PLANNING: ONE PLAN TO RULE THEM ALL

A single, integrated planning solution unites short-, medium-, and long-term planning under one system, driving better practices and closer teamwork among planning teams—especially by creating smoother transitions between supply chain stakeholders.

With an integrated solution, handovers take place faster and seamlessly, and everyone gets reliable answers sooner, creating accurate forecasts and capacity plans at the appropriate aggregation level and time horizon.

Where once disconnected planners found out about problems too late to react effectively, an integrated solution provides instant alerts to deviations from the plan. Lag time between groups drops, and opportunities for miscommunication and distrust lessen. The tendency to “order too much” also decreases, which eliminates the creation of excess inventory buffers.

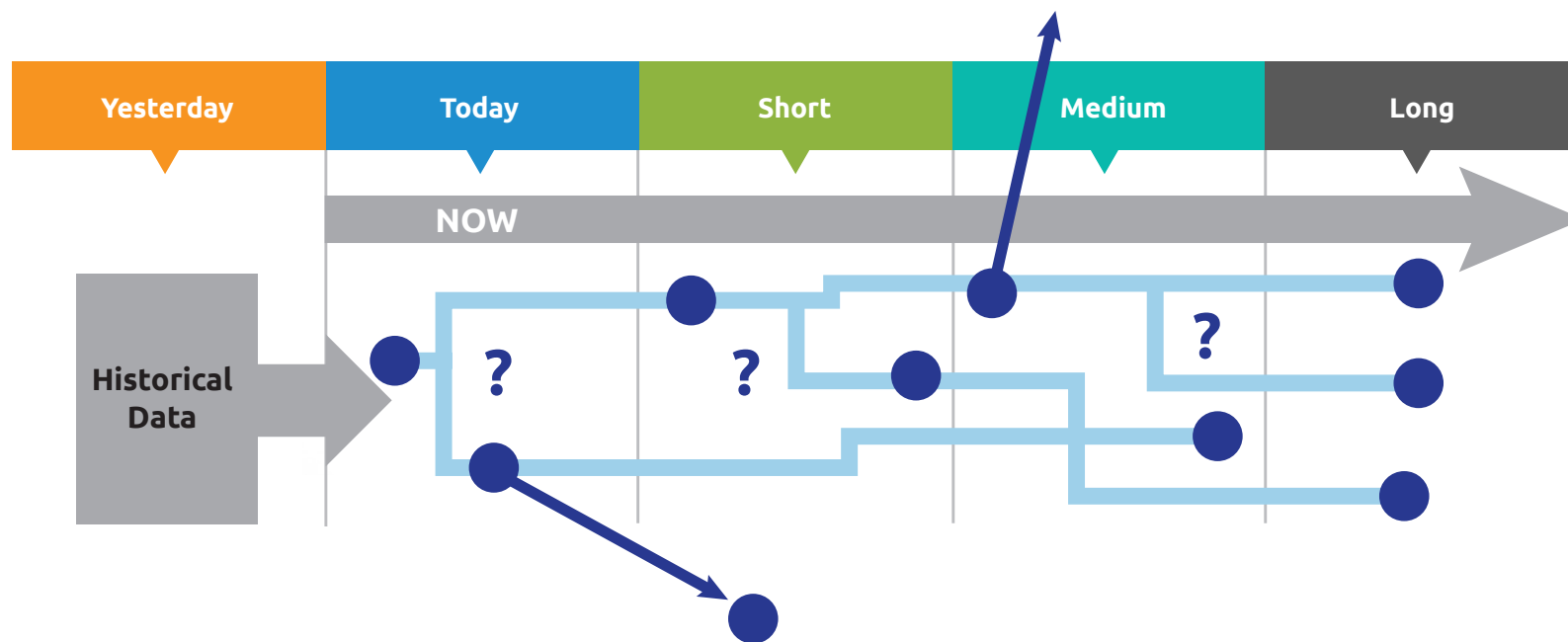
Crucial, long-term planning can be executed earlier with confidence, thus winning the race with competitors vying for capacity and resources at the same suppliers.



# REACTIVE TO PROACTIVE THROUGH “WHAT-IF” SCENARIOS

Consolidating the phased planning process not only improves communication, trust and responsiveness—it also delivers a strategic advantage in the form of faster, more insightful “what-if” scenario analyses.

“What-if” scenarios help analyze cost versus payback of a variety of planning scenarios. What happens if a product takes off? What if there’s a shortage? What if there’s a catastrophic political or geological event? How much buffer inventory should we hold when we onboard a new supplier? What are our alternate sources for production or shipping? Where and how should we adjust agreements with vendors and suppliers?



“With Logility, we have the visibility to accurately plan monthly, weekly and daily by product and customer. It allows us to be more strategic and proactive in aligning our sourcing, manufacturing and distribution operations.” **John McCarville**  
Senior Vice President, Global Supply Chain & IT, Griffith Foods

## BENEFITS OF INTEGRATION PLANNING

Benefits of adopting an integrated planning platform include:

- Better synchronization of supply and demand over the entire horizon
- More effective collaborative planning building real trust between key trading partners
- Earlier capacity reservation at key suppliers, including specialty suppliers
- Quicker reaction time to unexpected disruptions in the supply chain
- Advanced analytics boost scenario analysis or increase confidence in plan outcomes
- Accurate handling of promotional demand and short-term signals
- Faster, targeted “what-if” analyses to evaluate and prepare for contingencies
- KPI measurements that reveal the truth about “How we’re doing” across all planning horizons

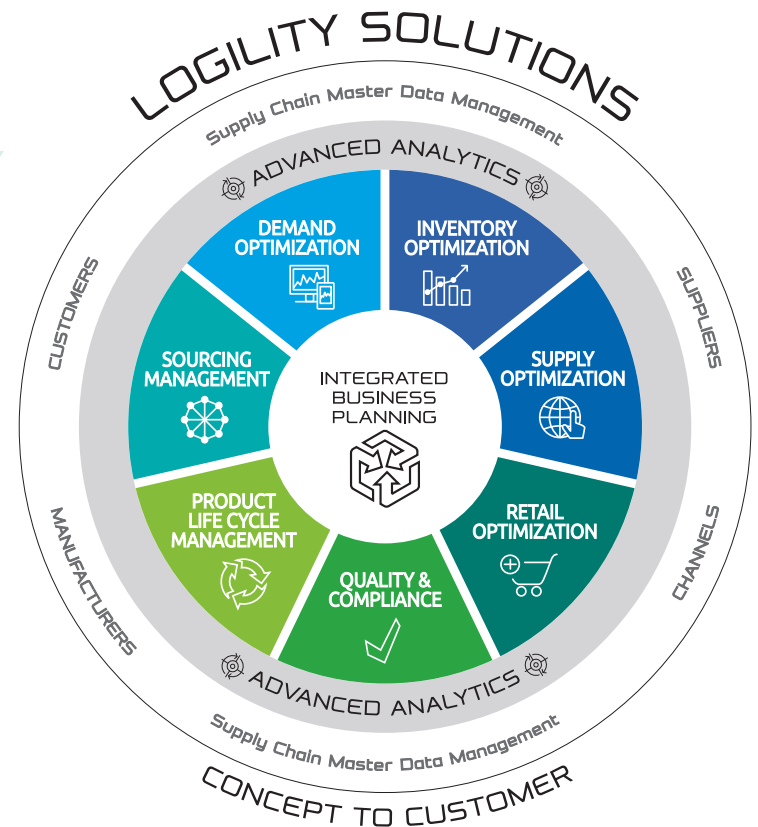


# CONCLUSION

Given the needs of fast-moving consumer goods businesses, supply chain teams are advised to ask themselves an overarching multi-part question:

*“Does our planning process unite the functions in our organization, make it easy to cooperate, simplify hand-offs, build trust, provide an accurate vision of the future, facilitate supplier collaboration, and allow us to evaluate likely contingencies to find the best strategy going forward?”*

If the answer to this big question is “not really,” it’s time to adopt a phased-planning solution that provides better answers faster, and sparks smarter business decisions over the long term.



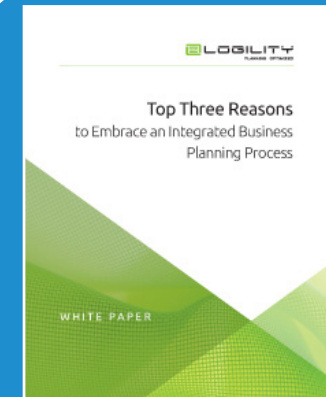
# ADDITIONAL RESOURCES



Logility named a Leader  
in the 2018 Gartner Magic  
Quadrant for Supply Chain  
Planning System  
of Record



The Inventory  
Optimization  
Handbook



Top Three Reasons  
to Embrace an  
Integrated Business  
Planning Process

## ABOUT LOGILITY

With more than 1,300 customers worldwide, Logility is a leading provider of collaborative supply chain optimization and advanced retail planning solutions that help small, medium, large, and Fortune 500 companies realize substantial bottom-line results in record time.

“Logility has the largest installed base of supply chain planning and optimization customers among application software vendors.”

Principal Analyst  
Technology Evaluation Centers

Logility Voyager Solutions™ is a complete supply chain management and retail optimization solution that features an advanced analytics architecture and provides supply chain visibility; demand, inventory and replenishment planning; sales and operations planning (S&OP); integrated business planning (IBP); supply and inventory optimization; manufacturing planning and scheduling; and retail merchandise planning, assortment and allocation.

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