



Supply Chain Challenges: Reinventing the Future

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How We Got Here...

- JIT (Just in Time) Inventory
- Focus on Cost Reduction



JIT (Just in Time) Inventory

- Based on the Toyota model
- Equity from Toyota (more control)
- Very close proximity to plant
- Based on higher cost of capital



Focus on Cost Reduction

- Was **legacy** from previous generation
- Drove **supply chain 'efficiencies'** rather than resilience
- Drove out **second sourcing** in favor of lower cost from higher volumes
- Drove supply chains beyond JIT to WFA (way far away)





Consequences?

The price we are paying

- Supply chain **resilience GONE**
- Manufacturer delays from **single sourcing errors**





Consequences?

The price we are paying

- Supply chain now **high risk**
- Shortages exacerbated by **export controls**
- Supply chain localization creates **bottle necks**
- Phantom orders created by the **Bullwhip Effect**





What Does the Future Look Like?

Focus on speed, visibility and avoiding out-of-stocks (OOS)

■ Control your supply chain resilience

- Suppliers closer in proximity
- Multiple suppliers for all critical items
- Increased inventory levels given low cost of capital
- Greater demand for warehouse space
- Guaranteed supply becomes a competitive advantage





Suppliers Shift to DSD

Focus on speed, visibility and avoiding out-of-stocks (OOS)

- Suppliers will increase their shift to DSD: brand & sales versus cost
 - Enables higher levels of control for suppliers; they will become 'virtual retailers'
 - Better customer in-stock and information & greater brand protection
 - Increased demand for shelf-level visibility and OOS information
 - A brand OOS can lead to a private label experience; and a lost brand customer
 - Our experience shows that when a supplier thinks DSD is too expensive (cost thinking) and switches back to delivering to the warehouse, they see a 20%-30% decrease in sales



Future Labor Market Challenges

- Years until the labor market tightens
 - Creating jobs for merchandisers and salespeople, both key roles in DSD



Rapid, Radical Change Coming

Focus on speed, visibility and avoiding out-of-stocks (OOS)

- Most rapid, radical change in our global supply chain in economic history
 - Many new winners, many old losers
 - Speed and visibility win here



Supply Chain Problems We've Recently Worked On

Persistent Out-of-Stock Issues

✓ A large regional supplier had significant out-of-stocks at major retail accounts. Analysis and process change using our OOS Management solution helped reduce OOS across all retailers.

Improving Orders to Improve Stock Levels

✓ A large regional dairy supplier needed to improve their orders to avoid both overstocks and understocks. Using our forecasting & stratification business rules, we improved service levels and on-shelf availability for all key products.

All Suppliers Need a Single View to All Sales

✓ Lack of visibility to the shelf, store by store, SKU by SKU handicapped ordering and forecasting. Suppliers struggled to view their entire business when sales data from each retailer is available in different systems or formats. Normalization of sales data made available in a single location enabled better business decisions.

The Need for Local Sourcing

✓ A retailer had problems finding suppliers to delivery the quantities needed in certain high selling locations. Using MarketPlace, they found additional suppliers to support the demand specific to the category and store.

Continued Supplier Risk Management

✓ Suppliers of all sizes struggle to comply with constantly updated and changing business and regulatory requirements to manage risk. Our solution helped each customer stay on top of each partner's requirement.





Thank you!

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