

GETTING WITH THE PROGRAM

Software technology offers many new ways to thrive in today's competitive markets



It may sound like a classic oxymoron. While the consumer packaged goods (CPG) manufacturing business is a thriving global industry, consumer packaged goods companies have never faced a more competitive environment.

From small shops and convenience stores to mega-store chains and warehouse clubs that increasingly dominate the market, the margins are slim and the competition is fierce—right across hundreds of product categories.

To thrive in this industry, it is imperative that packaging manufacturers start utilizing well-integrated business solutions that can help respond to customers faster, anticipate consumer trends, and retain tight controls over their operations.

To remain profitable, maintaining growth must be based on retaining repeat customers. Knowing the profiles and preferences of these customers are critical to target marketing and to launching new products successfully.

The battle is not just being waged in the hearts and minds of consumers; it is also occurring in the channel as brands fight for store shelf space.

SHIFTING GEARS

Consumer packaged goods manufacturers are facing a radical shift in the information environment.

As retailers create new sources of information in the form of direct feeds to their suppliers, this information has increasing value and importance.

Most CPG manufacturers are trying to streamline and obtain leverage from their extensive technology investments including customer relationship management (CRM), enterprise resource planning (ERP), supply chain management (SCM), and enterprise data warehouse solutions.

The information technology for CPG manufacturers must enable critical business initiatives by delivering the most productive and lean processes, and syndicated data providers are reacting by building higher value platforms and solutions for CPG manufacturers.

For example, **Microsoft Dynamics** has developed software solutions offering integrated applications that deliver powerful new technological capabilities, for CPG manufacturers, helping them succeed by speeding products from time-of-concept to the store-shelf by removing waste from operations, and by meeting the demands of your retail customers and consumers.

According to Larry Caretsky, president of **Commence Corporation**, “CPG businesses are presented with a major opportunity to collect direct customer feedback that can be used to drive prod-

uct changes and act as an early warning system for issues with the potential for legal liability.”

It is vitally important for all new CRM (Customer Relationship Management) technology solutions to address the key following issues facing today's leading CPG companies:

- Gaining insight into the market, consumer preferences and buying patterns;
- Capturing feedback quickly and cost-efficiently to test-market new products, packaging, or marketing

campaigns;

- Mitigating risk and identifying product and quality problems early;
- Handling a rapid increase in contact volume caused by news reports or a product recall.

With CPG manufacturers facing numerous technology challenges on many fronts, it is vitally important to ensure that any ERP (enterprise resource planning) system they employ includes several key functions for

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CPG manufacturing solutions support:

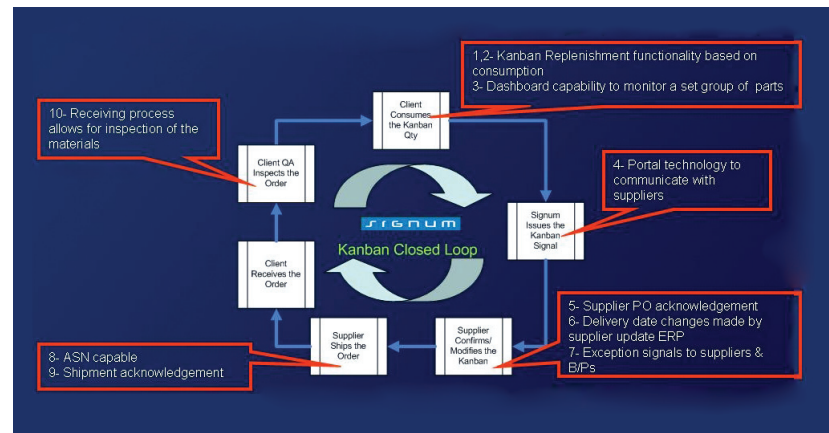
- Just-in-Time (JIT) production;
- Supply chain transparency and collaboration;
- Integrated barcode and RFID systems;
- Cross-company collaborative product development;
- Detailed reports to suppliers with data from customer forecasts;
- A single view of multiple facilities and departments;
- Industry- and customer-specific reports to identify and prioritize potential areas of cost-savings.

“In order to meet retailer demands, CPG manufacturers must respond quickly to real-time signals from

customers and integrate effectively with global suppliers,” states Stephen Parker, president of **Datacraft Solutions**.

“This can only be done by building solutions that support a demand-driven supply chain network, which allows CPG packaging companies to meet large retailer demands and enhance the efficiency of the supply chain by integrating RFID and other technologies, such as digital kanban, with internal systems.” (See Graphic)

According to experts, technology solutions that allow CPG manufacturers to integrate with financial applications enable the most efficient means of closely



monitoring the flow of products to customers—subsequently building higher customer satisfaction and loyalty levels.

Evan Garber, president of **Escape Velocity Systems**, asserts: “It is critical for CPG packaging companies in the process manufacturing sector to improve internal operations through the use of planning, forecasting, analytical, and other software tools to identify and quickly respond to key performance indicators in manufacturing, sales, and promotions.

“With the right ERP solutions, CPGs can guide their operations to move more quickly and collaborate more effectively with partners and suppliers,” Garber adds.

“Another benefit is enhanced communications within department to help reduce miscommunications that contribute to lost profitability.”

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FULL COVER

When looking for an appropriate technology solutions for their needs, CPG companies should also make sure that they cover the following specific technology issues:

- Multiple unit of measures (UOM) with online global or product-specific conversions used throughout the system: from order entry through purchasing, manufacturing, shipping, and invoicing;
- UPC management;
- Private-labeling;
- Multi-level bills of materials with formula management, whereby producing one generic product allows the flexibility of repackaging it in a variety of packaging types;
- Various manufacturing routings with yielding capabilities;
- Expiration and shelf-life tracking;
- Location and product combinations (refrigerated vs dry stock);
- UOM-based pricing;
- Attributed base inventory;
- Full lot tracking;
- Lot analysis with associated label printing;
- Quality control;
- Consignment warehouse management;
- Compliance support;
- Support for various types of barcodes across all the common linear and two-dimensional (2D) symbologies. □

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