

Leveraging Speed to Market and Collaboration for Competitive Advantage



What if you cut your speed to market in half? Would that increase help you make your profit plan? What about improving productivity through collaborative processes? For example, if you could use 15% less personnel for each product initiation, what would that mean for increased output and profit?

The purpose of this report is to examine how your company can leverage speed to market and productivity to boost your bottom line, particularly in relation to new product initiation and packaging changes. When you begin to analyze your costs and profits in this way, you'll see that an initial investment in collaborative workflow management solutions quickly provides a substantial return on investment.

Process Improvement

Streamlining a process so that artwork, product specifications, raw materials, approval sign-offs, etc., are collaboratively accessible to all stakeholders shaves valuable days and weeks. Furthermore, when the new solution provides reportable outcomes, managers can enforce accountability to ensure every aspect of production is kept on schedule.

These measures can easily improve time to market by 50%, translating to significantly more profitability. Such time-savings allow manufacturers to increase the amount of product they produce and to deliver more quickly and accurately so that retail partners better satisfy consumer demand.

Other benefits to improved efficiency are that additional production weeks increase the number of new products initiated into the system, which would be a source of even more profits. It also enables companies to more quickly address external issues that can prompt changes to products or packaging. For example, in recent years, there have been calls for more federal oversight of product safety and allergen information. These issues are being addressed, in part, with more detailed ingredient lists and certification information.

A one-word alteration to the verbiage on a label, as prompted by a new regulation, can impact your bottom line significantly if a streamlined process isn't in place to make the change quickly and efficiently. You'll need existing artwork, ingredient lists, product safety claims, packaging materials and specifications stored electronically for quick access. It's imperative to have that information available to anyone whose input is required to create and ultimately approve the change. This includes your marketing team, product developers, raw materials vendors, legal counsel, etc.

Personnel Productivity Gains

Increases in employee productivity also improve your profits. If a company pays five employees a total of \$300,000 annually to manage the 300 product-events initiated each year, process management improvements can reduce personnel time by 15% for a total of \$45,000 in savings.

These savings are achieved by reducing the amount of time employees spend on any given product. This includes significantly less back-and-forth communication between employees to plan and execute product introductions or packaging alterations. With data integration, employees "touch" the project fewer times throughout the process because key information is kept centrally and managed collaboratively. Additionally each user can be tracked to improve staff accountability.

Employees also spend less time correcting errors. According to a recent article on *Store Brand Decisions.com*, eight out of 10 private-label packages require rework because critical labeling/certification information is missing or quality assurance sign-off is lacking. Accountability measures via web-based workflow management prevent such oversights.

Other Cost Drivers

Another 15% in savings are realized by streamlining artist fees and pre-press work; reduced expenditure on packaging plates; and reducing sample requests and courier/shipping fees.

Efficient processing also decreases packaging waste, yielding both cost savings and sustainability benefits. Consumers seek brands that make sustainability a priority. A 2008 study by *Packaging Digest* and the Sustainable Packaging Coalition shows that packaging

professionals have been influenced by consumer demand for eco-conscious brands. According to *Packaging Digest*, "more than 60% of respondents said their companies have sustainability policies in place or that policies are in the process of being formulated." Sustainability practices, however, must prove profitable. The same study reported 54% of companies expect a return on investment from eco-initiatives and 46% want it within two years.

Once again, improved process management can help drive collaboration to reduce a brand's environmental impact while saving money. Brands may redesign packaging with recycling in mind or alter the shape of a vessel to make shipping more efficient. A collaborative web-based system helps brand managers get the word out quickly to their suppliers when a packaging change is imminent. This allows suppliers to proactively monitor inventory and control the production of finished goods so that waste is reduced as new packaging replaces old.

A SYSCO Success

If you're wondering whether these measures work in practice, let me share a case study. SYSCO Corporation, a \$40-billion foodservice marketer and distributor, has realized millions of dollars in profits through process improvement. SYSCO suffered from inefficient internal processes for collecting and storing package management data. The result was costly rework, a reduction in product development and slowed speed to market. SYSCO turned to Logix3, which designed a Package Artwork Collaboration system to eliminate those pain points. Speed to market increased by more than seven weeks, average turn times decreased from over 100 days to 21 days – an 80% improvement. SYSCO managers now expect packaging development projects to be completed in as little as seven days.

How is this achieved? Through a transparent web application, all stakeholders in SYSCO's packaging development/production process are able to review, change and approve projects quickly and with a thorough record of all tasks and completion rates. This includes hundreds of internal and external workers each day who have access to Logix3's Resource Center and user-friendly Workflow Management software applications. Furthermore, SYSCO's suppliers can choose approved production-ready artwork stored on the centralized, reliable platform – further streamlining the process.

In addition to reduced turn time, the incidence of rework and the use of staff resources have decreased for the 4,000-plus products moving annually through the package approval process, allowing for millions of dollars in cost savings. SYSCO verifies that packaging process improvements provide an excellent return on investment for them and valued suppliers.

Minimal Investment, Significant R O I

Traditionally, implementing such collaborative workflow solutions has been an expensive and involved process for retailers, distributors and manufacturers. In-house product life cycle management (PLM) systems initially cost upwards of \$100,000 then require annual upgrades and extensive oversight by internal IT staff. Logix3 provides an outsourced transactional, web-based model as an affordable alternative. It delivers all the benefits of workflow management platforms but on a per-event basis. After an initial set up fee to build user workflows vendors pay a low quarterly subscription rate plus a transaction fee per workflow event.

Our current economic environment will continue to challenge all companies to be more, efficient, accountable and innovative. If you have not taken aggressive steps to automate new item, packaging and product information management now is the time to get started.

Logix3, LLC specializes in web-enabled workflow and product information solutions designed to improve efficiency for any size retailer, distributor or manufacturer. Our collaborative data collection, storage and product information management (PIM) services are delivered by a professional team dedicated to improving the way you and your trading partners exchange information and related tasks.

Working with Logix3 your company will be able to address complex new item, packaging and product data difficulties with little impact to staff or operating budgets. Our extensive work with over 200 clients has helped us to discover these are the two most dysfunctional and mismanaged areas within the CPG industry.

In addition, your staff will find working in an outsourced service environment eliminates frustration with internal processes and poorly automated applications. *For more information, contact Logix3 experts at 877.847.9372 or visit www.logix3.com.*