



# Supply Chain Readiness and Planning for Small CPG Brands



# Supply Chain Management and Planning

Other than inflation, supply chain issues are one of the most talked about subjects in business news today. However, supply chain management isn't the easiest thing to do.

When you run a small CPG company, this may seem like something beyond your scope. But, it's important to understand the factors that affect your business. If you aren't effectively managing your supply chain, you may end up not being able to fulfill your obligations.

Keep reading to learn the basics of supply chain management and planning, see some issues you may face, and get a few best practices.

**Supply chain management (SCM) is the control over the flow of goods from raw materials to final, salable goods.**



# What Is Supply Chain Management?

Each member along the supply chain aims to streamline their processes and better position themselves to move the goods along quickly and efficiently. Managed well, a supply chain can adjust to shifts in consumer demand, inflation, global events, and more.

## What Is Supply Chain Planning?

**Supply chain planning is focused on planning specifically for the creation and deployment of your own goods.** This means it's much more business-specific than supply chain management. For a small CPG business, that means planning for the materials you receive and the distribution you need. Anything beyond that scale is less important.

## Supply Chain Issues

Unfortunately, the past few years have been rife with supply chain issues. From COVID-19 lockdowns causing a lack of manpower to increasing costs for shipping to a ship blocking the Suez, it was a complicated year. Unfortunately, each of these problems causes a cascading effect throughout the supply chain known as the bullwhip effect.





# Supply Chain Management Best Practices

Supply chain management can seem like a behemoth you'll never be able to tame. But, with proper planning and a solid understanding of how the supply chain operates, you can better take control. Some techniques require a budget but some don't. Start with the areas you know you can handle, then move on to the others as your business grows. The larger your business becomes, the more important supply chain management.

**With that in mind, here are some best practices for supply chain management:**

## 1) Perform Demand Planning

Demand planning is the process of forecasting the demand for your products and producing the correct amount to meet this demand. This is a vital step for any CPG brand to undertake to avoid running into issues with too little or too much supply. This will help you maintain your margins and avoid missing out on sales or losing money in dead stock. It also has a major impact on the other businesses in your supply chain. If you don't have the correct amount of stock, you may cause a bullwhip effect where your suppliers and retailers suffer losses as well. You need to use data to understand sales trends and consumer preferences to plan your supply accordingly.

## 2) Track Inventory Levels

Unsurprisingly, one of the keys to success for a CPG business is to keep track of the inventory. But, this isn't just for your own sake. Tracking your inventory levels lets you react in real-time to shifts in demand or issues with the supply chain. If there's a sudden spike in demand, you don't want to be surprised to discover you can't actually fill the orders as you expected. Keeping track of your supplies will also let you maximize the impact of retail data.



# Supply Chain Management Best Practices

## 3) Maintain Strong Relationships

One of the most important tools to combat supply chain issues is information. But, you're not going to be getting that information if you don't have good communication with your suppliers and retailers. You should work to build a strong relationship with every business you work with and share information whenever possible. This will be paid in kind and can often let you react quicker than your competition when an issue is looming on the horizon.

## 4) Utilize Technology

As a small business, it's often hard to set aside a budget for technology. However, using automated systems and retail data platforms are great ways to streamline your supply chain. Automated supply chain management involves using digital technology to track inventory levels, forecast demand, and quickly allocate products to certain retailers or markets. Pair this with POS and panel data from a supplier like NielsenIQ. That way, you can act and react faster and more intelligently than the competition.

## 5) Avoid Unnecessary Waste

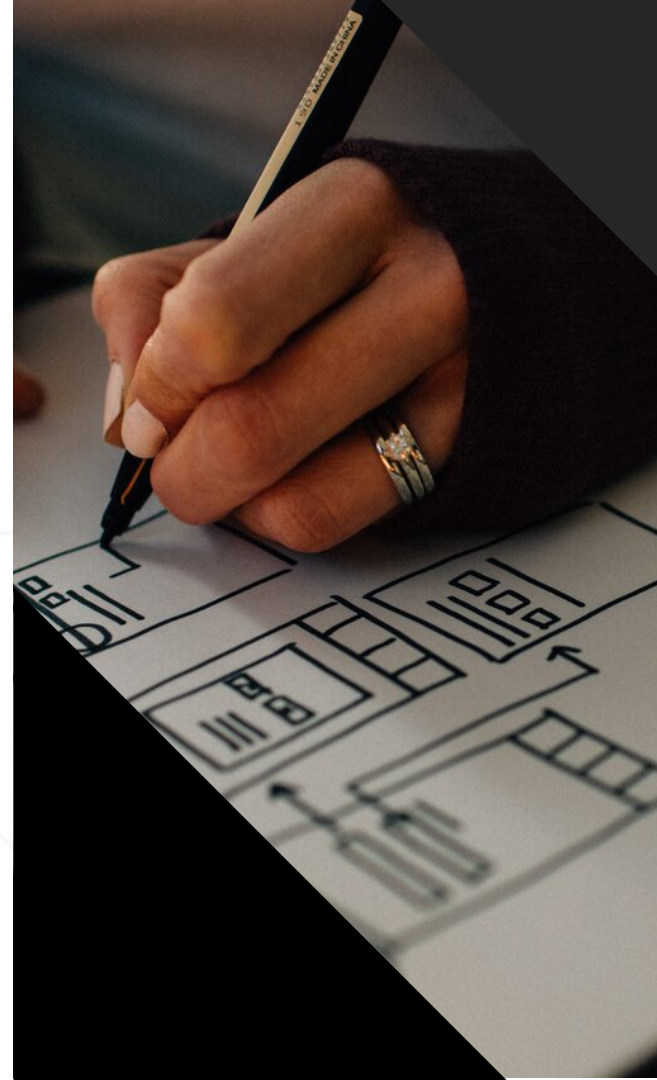
This one might seem surprising, but it's actually very helpful. Avoiding waste in the form of damaged or lost inventory, wasted energy, and even excess packaging can help streamline your supply chain. The more you maximize the usage of every product or investment, the less likely you are to cause problems along the supply chain. A focus on sustainability can help you avoid losses and increase your ability to meet demand when and where it arises.

# Supply Chain Readiness for CPG Brands

The supply chain has a major impact on the entire economy and every business's ability to meet demand. That's why it's vital to spend time developing a supply chain readiness plan.

Small and mid-sized businesses are particularly affected by sudden shifts in consumer demand and issues within the supply chain. But, by planning ahead and using data to make informed decisions, you can prepare yourself for the future.

Read on to learn what supply chain readiness is, the steps you should take to build out a plan, and how data can help





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## What Is Supply Chain Readiness?

Supply chain readiness is the overall process of planning for stability during supply chain issues. Essentially, it's forecasting what problems could arise and building contingency plans for fighting them if they do. This involves planning for inventory levels, supply shortages, increased consumer demand, and more. It's a vital part of supply chain management.

## Data and Supply Chain Readiness

The most important tool for supply chain readiness is data. Using a combination of POS data and panel data and demand forecasting, you can build a robust plan for the future. Understanding what products offer the most stable growth and areas where the supplies are low, you can best prevent sudden losses if an issue arises. Using a retail data analytics platform like Byzzzer will allow you to pull all of this information together. This lets you create a holistic view of your brand, category, and market. You can identify weak points, potential issues, and areas where you can most easily shift positions to defend shelf space and sales during a supply chain issue.



# Supply Chain Readiness Step-by-step

Creating a supply chain readiness plan may seem daunting, but breaking it down into steps can help simplify the process. Your individual plan will need to be personalized to your CPG company, but there are some steps every business should include.

Here are the five steps that should definitely be in your supply chain readiness plan:

## 1) Set Goals

No business plan will be successful if you don't start by defining goals. For a supply chain readiness plan, you need to establish KPIs to keep strong during times of trouble. This may be profit margins, sales velocity, or a specific retailer who you'll want to keep supplied. Put thought into your strongest areas and plan appropriately. Sometimes it's okay to lose shelf space in one place if it means bolstering it elsewhere.

## 2) Create a Process

Once you've chosen your goals, you'll need to create a process for achieving them. This means you need to define the steps needed. This may include purchasing some additional raw materials to keep on hand, tracking inventory levels and shrinkage, or limiting the amount of time it takes to get goods out the door. The more detailed you are in creating these processes, the less likely you are to be overwhelmed when the market starts changing.





# Supply Chain Readiness Step-by-step

## 3) Assign Leads

An often overlooked step, you'll want to assign leaders to each part of your process. Pick team leads and managers you know will be able to ensure the process is followed. If you forget this step, you may be left scrambling when issues arise. It's also important for your team to know who they can look to in times of trouble.

## 4) Acquire Data

With the steps above taken care of, it's time to back up your goals and process with data. Use a platform like Byzzter to accrue POS, panel, and trend data that shows your existing and projected positions for each KPI. This step allows you to accurately identify areas of risk and keep yourself honest. You'll never achieve a KPI that's beyond your current trajectory when supply chain issues happen. You should also take the time to identify competitor positions, so you can keep an eye on their struggles or successes and react appropriately. You may be able to come out on top once the supply chain issues subside.

## 5) Create an Action Plan

Finally, it's time to plug the data into your goals and process to create the plan. Start by determining what will trigger the processes you've established. This could be when a KPI drops below a certain number, when sales increase or decrease, or even when a global inflation issue appears. Then, pick the actions that need to be taken in each case and the plan should flow. The goal is to make your plan as simple, effective, and repeatable as possible.

# Supply Chain Models for CPG Brands

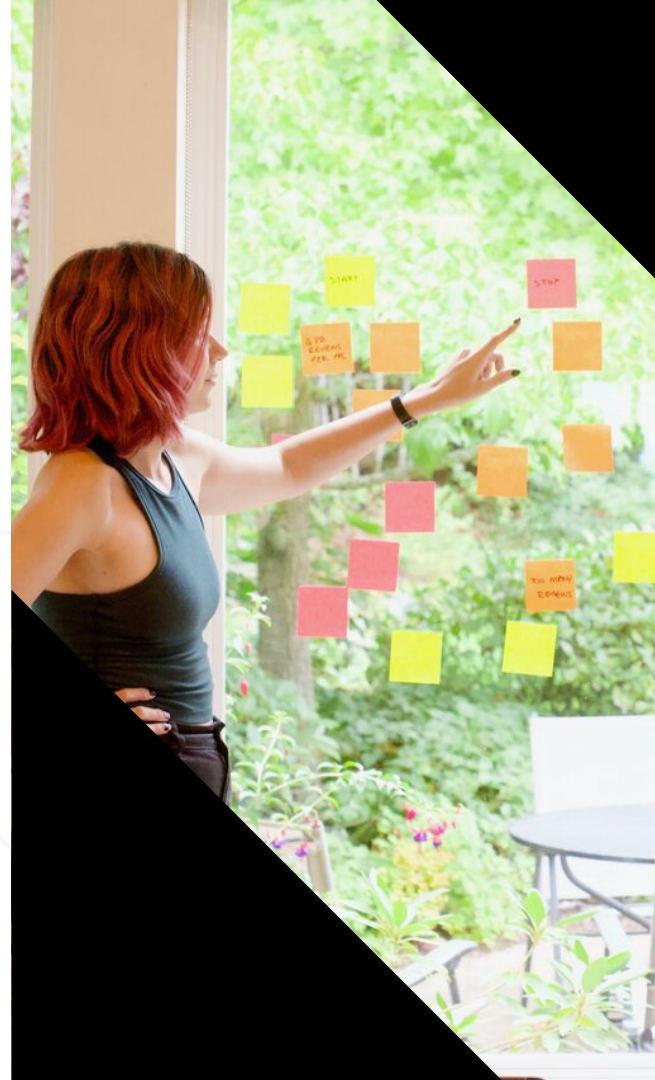
As a small CPG company, you likely adopted the supply chain model that the suppliers or retailers you work with already use. But, that may not be the most efficient for your business.

For example, you may want a quicker supply chain for CPG vs FMCG products. Or, you may need to focus on flexibility or efficiency. The key is understanding your particular industry and market.

Read on to learn more about the different supply chain models, how they work, and how to choose the right one for your business.

## What Is a Supply Chain Model?

A supply chain is the network of companies and suppliers that produce and distribute a product to the final consumer. A supply chain model is the structure in place to ensure the products move from one business to another efficiently. Different supply chain models emphasize different types of products and workflow efficiencies. The model you use will also determine the best methods for creating your supply chain readiness plan.





# Types of Supply Chain Models

Every business and industry has unique needs and goals when it comes to supply chain management. This also means that they can't all succeed by using the same supply chain model. When picking your supply chain model, you'll want to prioritize the following:

- Keeping your costs down
- Reducing risk
- Streamlining productivity
- Ensuring consumer satisfaction

With those in mind, here are the six most common supply chain models:

## 1) Continuous Flow Model

The continuous flow supply chain model is focused on routine shipping of the same quantities of products with little variation. It is a traditional model that is best suited to established businesses that see little variation in demand and supply. Unfortunately, many smaller brands adopt this model without realizing it can be limiting for growth and less stable when supply chain issues hit. Understanding the right amount of supplies to order is key.

## 2) Fast Model

The fast supply chain model is unsurprisingly focused on maximizing shipping speed and sales velocity. The less time it takes to get the products in the consumer's hands, the better. It's best used by businesses that sell trending products that have a short window for demand and sell through quickly. However, it can be prone to quality issues as the products move so quickly, that mistakes may go unnoticed.



# Types of Supply Chain Models

## 3) Agile Model

Like the fast supply chain model, the agile model is focused on speed. However, it is not intended for trendy products, but products with varied demand that sell through quickly. This makes it a good choice for FMCG brands that may need to ramp production up or down with little notice.

## 4) Efficient Model

The efficient supply chain model is focused solely on streamlining the flow of goods from raw materials to the consumer. This model is most often utilized by companies that sell products with lower profit margins. The less money spent on waste and shipping, the better those margins become. However, it can also be one of the most challenging models to master.

## 5) Flexible Model

The flexible supply chain model is focused on shifting production levels to meet consumer demand. Most commonly, this model is used by businesses that sell products with seasonal demand. Since the production varies greatly, properly forecasting demand and the supplies needed are key.

## 6) Custom Model

If none of the above models work perfectly for your business, you may need a custom model. Unique products and high-tech goods often require this type of model since a balance of efficiency and sales velocity is key. However, this type of model requires a strong understanding of your supply chain and identifying the best areas for improvement. Using retail data analytics is vital for success.

# How to Pick Your Supply Chain Model

When you're just starting out, you'll likely be driven to a particular model based on what your suppliers and retailers want. However, as you grow you'll start to notice areas of weakness that you'll want to fix. This gives you the perfect opportunity to evaluate your supply chain. If you've taken the time to create a supply chain management plan and establish KPIs, you'll more easily be able to find these flaws.

Often, businesses find that they need to adapt a custom model that fits their unique needs. A custom model can offer the flexibility you need, but you'll need to work with your suppliers and retailers to make it work. Build your relationships and speak openly and honestly about what is and isn't working. Together, you may be able to design the perfect model that works for you all.



# Use Analytics to Battle Supply Chain Issues

The easiest way to avoid running into overwhelming supply chain issues is to invest in data. But, having tons of data is only helpful if you can analyze it, digest it, and turn it into actionable goals.

Fortunately, with Byzzer's reporting solutions, you can have all the data you need at your fingertips.

Byzzer provides breakdowns of product and category attributes in easy-to-digest reports. Best of all, we'll show you how to leverage this information for your action plan.

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