



CMS Consulting/Retail Performance Management
 500 Purdy Hill Road, Suite 6
 Monroe, CT 06468

CMS Supply Chain Share Group Newsletter



2021-2022 – Supply Chain in the News and Delivering Success Every Day in the Face of Constant Change and Challenges

Special points of interest:

- “Let’s Talk—Live” Website: Coming Soon
- Spring 2022 Meeting Plans and Sessions
- Member Feedback
- CMS Share Group Overview

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Who would have thought that **Supply Chain** would make **front page headlines** along with COVID, politics, weather, etc. California Ports, TV shots of Holiday out of stocks and recent Trucker Protests are all news stories garnering the attention of the Supply Chain industry. But what’s not covered is the **great work of our Share Group Members** representing Supply Chain Leadership for over 60 leading CPG companies managing this **“out of sync” supply chain and successfully delivering food and personal products to America’s consumers**. Whether it is the **whiplash** of a demand surge – just like COVID’s fall & Omicron spikes, material and ingredient shortages, labor force availability, or cost increases through no fault of our own, this group of talented folks are delivering better than ever under the rapidly changing marketplace challenges.

Congratulations! Your **every-day successes** aren’t recognized in the news, but in the **marketplace, which has grown +10%** during COVID. Your success is reflected in **adapting to change** and, despite the day-to-day pressures,

building and **evolving to** the supply chain of **tomorrow**.

We gathered perspectives, insights, challenges, solutions, metrics and benchmarks from **Supply Chain Leadership in the 60+ member companies** that participated in the **6 Supply Chain “Let’s Talk – Live” Share Groups** this past fall (Customer Logistics, Customer Service, Customer Supply Chain, Digital Supply Chain, Transportation Management and Warehouse Management). Below are **highlights** from **7 “key topics”** which were the **central focus during our Share Group discussions**. This backdrop will be helpful as we enter the Spring Share Group season and face the added and evolving challenges from **Russia-Ukraine, Inflation, Costs, COVID, etc.**

1. Warehouse: Labor Challenge and Automation Escalation

Currently, Warehousing is faced with a labor shortage and the need to accelerate automation to meet escalating demand and cost efficiency. How do you meet this challenge? Many are acquiring overflow warehouse space to handle higher demand and wild demand fluctuations. This is in the face

of members reporting 50% turnover in internal DCs and levels as high as 75% at their 3 PLs. These challenges existed at customer warehouses as well, creating appointment scheduling and receiving issues for everyone. No wonder 80% of managers leading these organizations are concerned about the increased cost of doing business in this function going forward. On top of that, management in 50 % of our Share Group member companies are looking for cost savings in 2022. To address both challenges, members have focused on accelerating demand for automation projects to drive efficiency in picking, palletizing, scheduling, and working across the supply chain to adopt efficiency strategies

2. Transportation: Cost Increases Faces off with On-Time Delivery

Aggressive cost projections for over \$100 per barrel for oil have already been surpassed as a result of Russia-Ukraine and is only one of the cost challenges facing Transportation. Last year members reported cost increases averaging 15-20% (Range from 1 – over 30%) and pre-Ukraine were projecting the same increases for this year.

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But the other side of the equation is meeting customer programs for on-time delivery and the related fines for non-compliance. Facing rapid changes in the marketplace, Transportation Leaders are focused on improving the financials looking at the bid process (implementing mid-term & updated bids), expanding their network of carriers, greater reliance on the spot market, and managing other costs (assessorials, fuel surcharges, CPU rates, etc.). They are also expanding CPU & drop trailers for flexibility, expanding Dedicated Fleets for control, booking pre-set appointments, as well as expanding alternative approaches to reduce strain on the system. As we know from history, all of these solutions have their own challenges. In order to navigate through rapid change, they are also focused on benchmarking and metrics around carryovers (averaging 20% a day), managing dock time and late arrivals, and addressing retailer capacity constraints, particularly at Target and Dollar General. Members are trying to better manage in this space by expanding early contact with carrier notification (4-6 days out), increased order lead time (averaging 5 days) and analyzing proactive forecast projections.

3. Employee Retention: Power Shift Fosters New Approaches Even without trying to staff to support a larger business (+10%), Managers face increasing hiring and turnover challenges. In Customer Service, the short-term solution is increased use of Temporary Resources. But this is more challenging and systemic than a short-term fix. Companies are responding by implementing broad-based solutions

including increased salaries, sign on/stay on incentives, work from home (and afar) programs, improved benefits, and other options tailored to appeal to the changing needs of employees and for hiring and retaining qualified candidates. At least for now, the power shift appears to be moving to the employee. We have talked about truck driver shortage and aging for years, but today's challenge makes this an across-the-board issue.

4. Allocation: The “Dreaded ‘A’ Word” is back Big Time

Allocation has always been a bad word, but its reputation has been further vilified as a result of the Pandemic. Transportation disruptions, raw material and product availability gaps, dramatic swings in customer/consumer demand; allocation is where the “Out of Sync” Supply Chain gets really ugly. While SAP and homegrown tools help, addressing this requires hands on manual involvement because of the number of variables and inputs. To help ease this process, many have taken macro steps to simplify certain factors including long overdue SKU pruning, suspension of promotions and use of customer demand information to ship to need vs. request. Customer communication to “buy early for the Holidays” (advancing to the “Back to School” season vs. the fall/Halloween) helped smooth demand. Think back to impact of the COVID Kick-off surprise two years ago, when everyone cleaned shelves to stock up for two weeks to cover needs for “potential quarantine.” More power to those in Customer Service and Sales Operations collaborating on frequent

fire drills to do the best job of matching fulfillment to demand.

5. Customer Fines: Increases in the face of “Unreality”

98% OTIF has not gone away despite the challenges of the pandemic. More than a dozen “Me, too” or “I am an important customer, too” have followed Walmart's lead with their own program and similar unrealistic expectations. Members indicate that they are frequently not achieving these goals, with current performance closer to the 85-90% range. “Fine Focus” continues as the amounts and levels have increased in 2021 over 2019 and 2020. Gone is the height of COVID when things were “nicey nice” for a while. With the return of OTIF's “age of entitlement”, members are spending time tracking these fines, contesting them with retailers, and taking remedial steps to prevent them before they happen. Top of the list is increased communication with customers, carriers, and 3PLs to manage changes and manage expectations on timely delivery.

6. COVID Protocol: Not what we expected and still Evolving Going into the fall, 75% of Member Companies expected to return to work.

A snapshot of protocol for the fall suggests companies were moving in that direction, although not to the extent they expected. 85% of Member Companies were allowing employees to return to work in the office, **but** not all employees, not at the same time, and in shifts, so not on the same days. A higher priority to adapt to the real situation, 50% of members established a Work from Home (WFH) option as a permanent policy and 50%

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were considering it. 90% of companies allowed travel, but with prior approval. Travel emergence focused primarily on customer contact vs. the return to meetings. A majority had no mandate or incentive regarding vaccinations despite the proposed Federal Government initiative. As we emerge from the Omicron Surge, what will return to work look like? Will it be virtual, “return to normal” (as we once expected) or, more likely, some new hybrid that allows us to operate alongside COVID?

7. Omni-Channel: *COVID accelerated Home Delivery Transformation*

With changing consumer demands as a result of COVID, major retailers jumped on Customer Pick-up and rapidly expanded Home Delivery. All of a sudden, Amazon was not

the only player to deliver the “Gift(s) of the Day” that arrive on your doorstep. Two years later, the long-time expected vision of Omni-Channel has been met, and surpassed, to meet the consumer needs of COVID. Amazon continues to be a major player and morph its broad solution with Whole Foods and other innovations. Members continue to be challenged to work through Amazon’s various programs, still trying to select the ones that best serve their products and consumers, but this is one place where the marketplace has changed dramatically.

In Summary: Congratulations to our Share Group Members who are working through new challenges and changes to successfully deliver food and personal products to Americans every day. While it is not making the head-

lines, it should be what is talked about.

Looking toward the Spring Share Group Meetings there are several areas of focus for success in 2022:

- Managing Cost and Meeting Demand
- Transportation and Warehousing Success
- Addressing the Employee Challenge
- Escalation of Automation and Digital
- Customer Interface Evolution

We will see you at the Supply Chain Share Groups this Spring via our “Let’s Talk – Live” format to talk about solutions to these, and your other “real time” issues. **See page 4 for dates and times of the Share Group Meetings.**

“Let’s Talk—Live” Supply Chain will be the face of our new website. We have been hard at work to bring the resources you need straight to your fingertips and are going live in the days ahead!

On our website you’ll find information about our Upcoming Share Group Meeting dates as well as infor-

mation on our 6 unique Share Groups within the Supply Chain suite.

Our site will also feature a “member only” portal. The **MEMBER PORTAL** is where you will find lots of member only content from the Share Groups that you participate in including...

- Past Meeting Notes

- E-Surveys Recaps
- Member Rosters
- Zoom Links for your Share Group Meetings
- Past Newsletters
- And More!

If you are a current Supply Chain Share Group member you will be receiving an email in the upcoming days with in-

struction on how you can access the “Let’s Talk—Live” website.

Stay tuned!



Spring 2022 Meeting Plans and Sessions



Your **“Let’s Talk—Live”** Team has been busy planning for the **2022 Spring Share Group Sessions**. **Invitations** have gone out, **Topics** are being submitted, and **Pre-Meeting Surveys** are being developed. Our Share Group meetings are highly successful because of the pre-work that you, our members, put into the meetings.

This includes **sending** your **Topics** and **responding** to the **Pre-Meeting Surveys**. The

robust agendas that you help to create ensure that you are **optimizing your Share Group** sessions.

Your contributions, inquiries and commitment have helped us to serve you better via:

- Increasingly valuable Benchmarks and Insights
- Comprehensive Notes capturing the essence of the meeting discussions and details
- Timely & more efficient meetings and turnaround of

Meeting Notes

- Enhanced Network & exposure to peer experiences due to the growing Member base
- More frequent E-Surveys for securing quick learnings and more consistent group engagement.

Watch your email for the Topics and Pre-Meeting Survey requests, which you will begin receiving approximately 6 weeks prior to your Share Group Session.

Meeting	Session 1				Session 2				Session 3			
	Date	Day	Start Time EST	End Time EST	Date	Day	Start Time EST	End Time EST	Date	Day	Start Time EST	End Time EST
Digital Supply Chain	3/29	TUE	3:00	5:00	3/30	WED	10:30	12:30	3/30	WED	3:00	5:00
Customer Logistics	4/5	TUE	3:00	5:00	4/6	WED	10:30	12:30	4/6	WED	3:00	5:00
Warehouse	4/19	TUE	3:00	5:00	4/20	WED	10:30	12:30	4/20	WED	3:00	5:00
Customer Supply Chain	5/3	TUE	3:00	5:00	5/4	WED	10:30	12:30	5/4	WED	3:00	5:00
Customer Service	5/17	TUE	3:00	5:00	5/18	WED	10:30	12:30	5/18	WED	3:00	5:00
Transportation	5/24	TUE	3:00	5:00	5/25	WED	10:30	12:30	5/25	WED	3:00	5:00



Our **“Let’s Talk-Live”** Talk Radio format provides a great opportunity for others within your company, or friends in the industry, to join in the fun of our Share Groups. **If there is someone that you would like us to invite to a session, click on the icon to the left to send us an email letting us know.** We will reach out to them promptly to see if they would like to be involved in the festivities.

We Love Feedback!

“The share group is awesome. It is nice to see we aren’t alone with the issues and how folks are dealing with them.” - American Licorice

“Another well run and productive meeting!” - Ferrara

“HUGE thanks! SUCH A GREAT MTG!!!” - Lindt & Sprungli

“This virtual format is very effective” - PIM Brands

“Really enjoyed being part of my first share group. Thank you for hosting!” - Topps/Bazooka

“You guys are awesome – thanks so much for the lively discussion” - Helen of Troy

“ I learned a lot and look forward to the future groups!” - Del Monte

“The shared group was Fantastic, Engaging, & Informative. Walked away smarter & charged up.” - Nonni’s

“You did an excellent job facilitating discussion – best I’ve seen on the zoom format” - Saputo

We would love to hear from you! Click on the icon below to send us your feedback!





CMS Consulting provides **meeting management, facilitation** and **guest speaker arrangements**. In addition, we conduct timely **email survey** recapping for members on **key topics** of interest.



CMS Consulting has worked with CPG Executives since 1992



NEW!

We have extended our services to facilitate your meetings via our **“Let’s Talk – Live”** format. This is perfect for brainstorming sessions or collaborative meetings across multiple internal functions. Keep us in mind should the opportunity arise!

Share Group Overview

We offer the following Share Groups and a network of over 100 participating companies:

- Category Management
- **Customer Logistics***
- **Customer Service***
- **Customer Supply Chain Services***
- **Digital Supply Chain***
- **Medical Devices Supply Chain***
- **Medical Devices Customer Service***
- **Transportation***
- **Warehouse***
- Broker Management
- C-Store
- Dollar/Club
- Drug Channel
- eCommerce
- Retail Management
- Revenue Growth Management
- Sales Finance
- Sales Leadership
- Sales Operations/Planning
- Sales Training
- Shopper Digital Marketing
- Trade Marketing Optimization
- Vice President, Sales
- Walmart Business

*Supply Chain Groups

In our **25 years** of Share Group management, our members have told us that this simple formula adds value to our sessions:

- Group-directed agendas
- Open discuss forum
- Voluntary member presentations
- Meeting Notes
- E-Surveys



To join a group, please contact:

SUPPLY CHAIN SHARE GROUPS:
Mark Duss - mduss@rpm-llc.net 203-948-4740

SALES SHARE GROUPS:
Rick Puccio - rpuccio@aol.com 203-913-6841

Visit us at cmssharegroups.com