



BEST PRACTICES FOR WORKING WITH CO-PACKERS  
IN THE CONSUMER GOODS INDUSTRY

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The consumer goods industry is one of the most innovative industries. The rate of new product introductions is even accelerating due to:

- Rapidly changing consumer demand and market trends
- Expansion into new markets and segments
- A hyper-competitive retail sector



As a result, SKU proliferation has increased significantly in the past years.

The pressure to have the right product at the right time on the right shelf is more intense and important than ever. On top of that, same-day deliveries and omni-channel distribution represent new challenges for the industry.



**How can companies bring products to the market in a cost-effective way with the highest service level to the customer?**

**Consumer goods companies are increasingly relying on a global network of suppliers, logistics providers, co-packers and other partners to design, produce package, ship, and distribute their products.**

Outsourcing has clearly paid off, with companies being able to offload non-core activities to specialized companies that can perform the work at a lower cost and, in many cases, do a better job at it. Leveraging external partners is also a response to the flexibility and fast response time requirements of the market.

It is often impossible for brand owners to launch a new product line or handle the multiple packaging variants required by the different retailers without external co-packing, including co-manufacturing, partners.



As the number of partners in the supply chain increases, so does the level of information exchange and coordination required among all the partners.

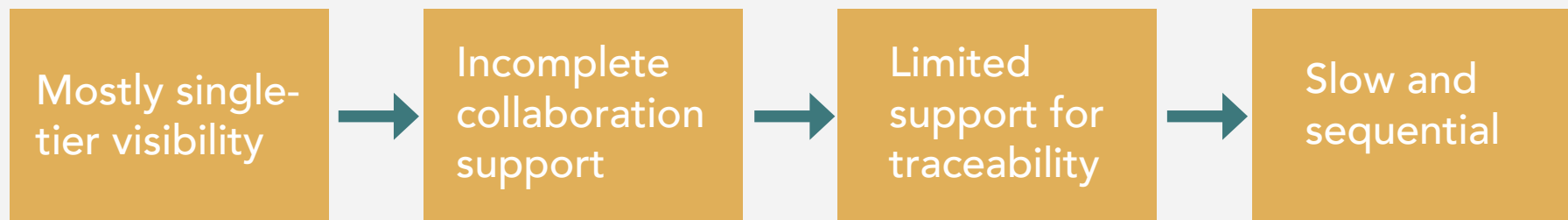
ERP systems and other business applications that companies have deployed for decades to help them run their business are of little help in today's modern supply chain.

These tools were designed to be the system of record and the process orchestrator for everything that happens within the four walls of the company. Yet, today, more and more is happening outside the four walls of the corporation.



Companies have been forced to be creative and have implemented basic visibility and collaboration solutions, usually on the order execution (POs mostly) and/or demand forecasting side. Some have leveraged EDI-type electronic data exchange approaches but a large number of companies still rely on exchanging Excel files with their trading partners.

**The limitations of such approaches are numerous:**



Companies have recognized that to run today's supply chains requires them to extend what ERP has done for the company within its four walls to the new reality of the multi-enterprise supply chain.

### Successful consumer goods companies manage their co-packers by:



Connecting and collaborating electronically across multi-tier network



More accurately predicting true demand through sophisticated sensing & planning solutions and aligning everyone to it



Controlling the quality



Detecting issues automatically



Replanning across the network by leveraging what-if scenario capabilities

**A cloud-based network to enable end-to-end visibility and collaboration among supply chain partners combined with dedicated decision-support applications that leverage the data in this network is the best set-up for companies to run an efficient outsourced supply chain.**

This is increasingly being referred to as a **Supply Chain Operating Network**. It is quite different from procurement networks that are online marketplaces where companies can browse product catalogues and buy products – mostly indirect items and some services – like an Amazon for indirect procurement. In comparison, Supply Chain Operating Networks focus on direct materials and all the more evolved collaborative workflows related to running an outsourced supply chain – such as VMI, drop-ship models or working with co-packers.

Early adopters that are leveraging a Supply Chain Operating Network to run their outsourced supply chains see a range of benefits:

- **Shared, single version of the truth that all supply chains partners view and can act upon**
- **Always up-to-date, supporting the “always-on” economy**
- **All actors (brand owners, co-packers, but also suppliers) can fulfill their roles and responsibilities, making their own decisions but in full alignment with the others**

Running an outsourced supply chain requires a higher degree of coordination and alignment across all supply chain partners that only a Supply Chain Operating Network can provide. It is therefore not a surprise that the consumer goods companies that have been at the forefront of the co-packing model are also the ones that are embracing Supply Chain Operating Networks.



If you're interested in learning more about how to better manage and leverage your partner relationships with a Supply Chain Operating Network, visit our website at [www.e2open.com](http://www.e2open.com).

## ABOUT E2OPEN

Founded in 2000, E2open provides the largest and most comprehensive Supply Chain Operating Network, including a broad suite of collaborative supply chain solutions. Leading global enterprises rely on E2open to provide greater end-to-end visibility, more accurate data and insights, and real-time business process orchestration across complex, multi-tier trading partner networks. For more information, visit [e2open.com](http://e2open.com).

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