

MARGIN IMPROVEMENT THROUGH PACKAGING OPTIMIZATION

THE CLIENT:

A fortune 500 global FMCG company. The scope of the packaging project cut across all divisions. The priority spend segments accounted for app. € 1bn spend globally.



THE STATUS QUO:

- Dried out product logic pipeline led to high dependency on value delivery through market dynamics and negotiation savings.
- Complex portfolio with a high number of specifications, formats, structures, sizes and different technologies.
- Large tail of suppliers with often unknown compliance records.

THE OBJECTIVE:

- Meet ambitious savings target to unlock transformational value creation initiatives
- Create specification flexibility and significantly reduce the number of specs
- Reduce complexity and identify synergies across divisions.
- Improve the sustainability credentials of the entire portfolio.

THE APPROACH:

- Define and analyze specification parameters particularly relevant to sustainability
- Providing visibility of inherent complexity when looking at spend categories holistically and closing gaps in data quality
- Individual workshops with strategic suppliers to incorporate their insights into the proposal.
- Identification of cost drivers within specifications and connect those to finished product margin bleeders/boosters.

THE RESULT:

- ✓ Creation of global x-functional frameworks for particular categories for future innovation or renovation projects.
- ✓ Identification of new value creation opportunities of around 20m€
- ✓ Downgaging of laminate structures, harmonized tube diameters, simplified sleeve lengths, and more
- ✓ More buying leverage and increased responsiveness through a leaner portfolio
- ✓ Less changeovers at converter and own operations for better efficiency
- ✓ Reduction of app. 300 suppliers and increased vendor compliance
- ✓ Implementation of a new governance model to avoid reintroduction of complexity
- ✓ Data quality improvement in the client's systems