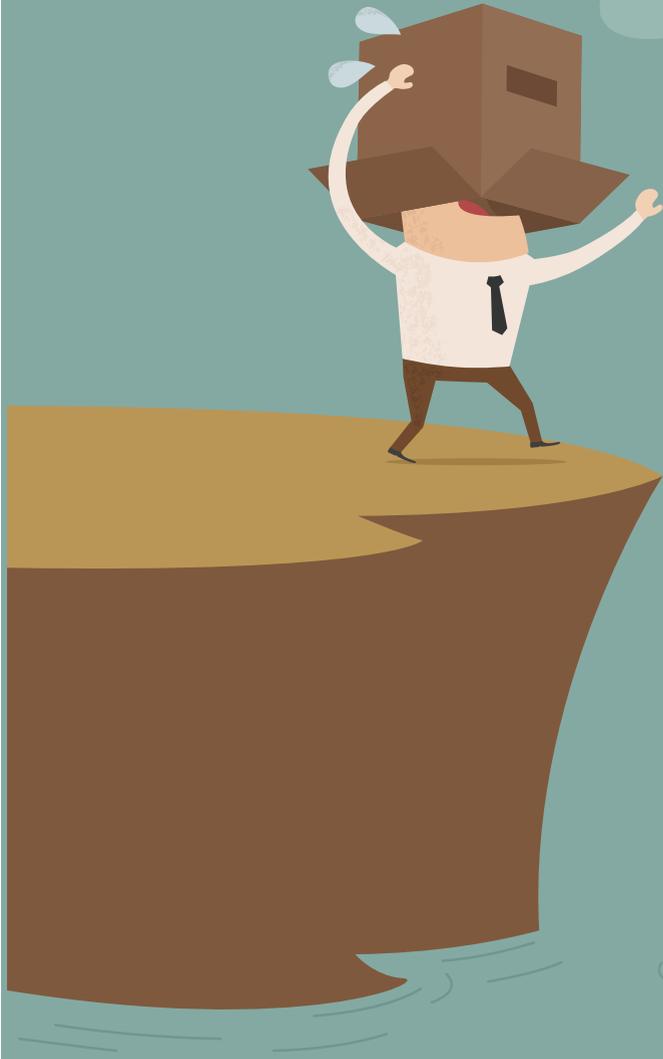




6



REALLY IMPORTANT
THINGS
YOUR CORRUGATED
COMPANY

ISN'T TELLING YOU

ABOUT
DISPLAY
FULFILLMENT

PRODUCT CUSTOMIZATION, DISPLAY DESIGN & AN ILL-FATED COST-SAVING STRATEGY



At **Coregistics**, we *love* our corrugated partners. But we are very selective about who we choose to partner with because **not all corrugated companies are created equal**.

We know that **20% - 30%** of a typical FMCG's products are customized in some way between manufacturing and retail, and this number grows every year. As demand for customized products skyrockets, many consumer goods companies rely heavily on their corrugated and display design partners to create the kind of displays that drive volume while meeting specific retail requirements.

We also know that display projects inherently begin “upside-down” when it comes to cost. The consumer goods company pays handsomely to put their product on display - displays cost money, transporting the product costs money, and physically putting the product in the display itself costs money, too. But the consumer goods company rarely, if ever, charges the retailer more for the product. In fact, in today's competitive retail environment, retailers may actually require a cost down to put the product on display. With higher costs and flat or lower prices, the already-slim margins are now trimmed even further.

In an effort to better control these costs, we often see consumer goods companies try to combine display design, manufacturing and fulfillment under one roof, allowing the display company to run the whole program as a “turnkey” project.



If we assemble the display in the same location in which we manufacture the display, the logic goes, then we don't have to ship display components, which lowers the transportation costs. Because the display company has intimate knowledge of how to assemble the display they designed, they can leverage that expertise into efficient fulfillment, as well.

Makes some sense, but there are six *really important things* that your corrugated company may not be telling you about display fulfillment.

YOUR SIX THINGS CORRUGATED COMPANY

ISN'T TELLING YOU

#1

ALL I REALLY WANT TO DO IS SELL YOU CORRUGATE

That's how I make my money. That's how my company's financial metrics are aligned and that's how my board of directors judges my performance. If you ask me to fulfill the displays I'm manufacturing for you, I'll do it, but only to protect my corrugated sales.

The last thing I'm looking for when I design or assemble a display is a way to *reduce* the amount of corrugated I use. Quite the opposite. Over-designed, over-built, difficult-to-assemble corrugated components may be obvious to the people doing the assembly, but the customer will never hear about those unnecessary costs. Why? Because the fox is watching the hen house.



PRO TIP: ^{*} Incorporate a true fulfillment expert into your process. The *right* fulfillment partner has nothing to gain from the use of additional board, will recognize the waste before the display is manufactured and drive significant savings *for you*, up *and* down the supply chain.

SIX THINGS YOUR CORRUGATED COMPANY

ISN'T TELLING YOU

#2

I DON'T HAVE THE SYSTEMS to support your *fulfillment* needs

Don't get me wrong, I have **great** systems to support the design and manufacturing of your displays. I can show you 3D display renderings of *your* product in a 3D mock-up of the inside of *your* specific retail customers' stores – on my iPad!

What I **don't** have are even the minimum systems and processes to support true fulfillment. Despite its seeming simplicity, display fulfillment is a complex manufacturing process. It requires robust **ERP**, **MRP**, and **WMS** systems to manage the event properly. As a corrugated display designer and manufacturer, I'm not set up to deliver the kind of inventory accuracy, lot code control, remnant control, and just-in-time processes required to deliver true efficiency.

PRO TIP:^{*}

Determine the validity of your corrugated company's "turnkey" solution by checking to see if they have **the space** to set up **truly efficient** fulfillment lines with proper product flow.



SIX THINGS YOUR CORRUGATED COMPANY

ISN'T TELLING YOU

#3

SPEAKING OF LOT CODES, I don't *really* know what they are

Properly managing lot-coded, traceable products like food, pharmaceuticals and electronics is a complicated process . . . even in the most straightforward manufacturing environment. It becomes even more complicated when you add display fulfillment to the mix. Combining multiple lot codes into a single finished good display that is traceable, by lot code, from the source to the store floor requires significant **experience, expertise** and **systems**.

Lot codes must be positively controlled the instant a truck of feed stock arrives at the fulfillment center and perfectly tracked, to the piece, all the way through the fulfillment and shipping process. The systems and processes required to ensure every feed stock item can be accurately traced to an exact pallet all the way through to its final destination can not be created on the fly. A **true lot code control program** develops over years of project experience and continuous improvement. As a corrugated display designer and manufacturer, I'm just not in the lot-code control business, my product doesn't have a lot code and I'm not equipped to handle your products' lot codes, either.



PRO TIP: ^{*} When considering turning a lot code-related project over to a corrugated provider, ask yourself what a single lot code traceability **error** would actually **cost your company**? Most people don't even want to guess and the potential **costs** are truly **devastating**.

SIX THINGS YOUR CORRUGATED COMPANY

ISN'T TELLING YOU

#4

I AM NOT A Distribution *Expert*

When it comes to consumer goods customization, there are three major supply chain nodes: 1) Material Sourcing, 2) Display Fulfillment and 3) Distribution. Ok, that's a bit oversimplified, but these three nodes do represent the key points in the supply chain where both product and data must be effectively transferred from one entity to another.

As a corrugated display designer and manufacturer, I'm really good at the first point of transfer - getting my corrugated display materials and associated data (assembly instructions, component lists, artwork, etc.) from my shop to the fulfillment center. But I have little to no experience with consumer goods distribution. Because I am two full nodes away from the second critical point of transfer, my lack of experience can result in a host of issues that range from cost increases to reductions in speed-to-market.

PRO TIP* Make sure your supply chain solution provider has the **capabilities** needed to support your entire supply chain. Design, sourcing, packaging, logistics and even last mile delivery expertise should be leveraged in every solution to truly **minimize cost, reduce damage** and **reduce time-to-shelf**.



SIX THINGS
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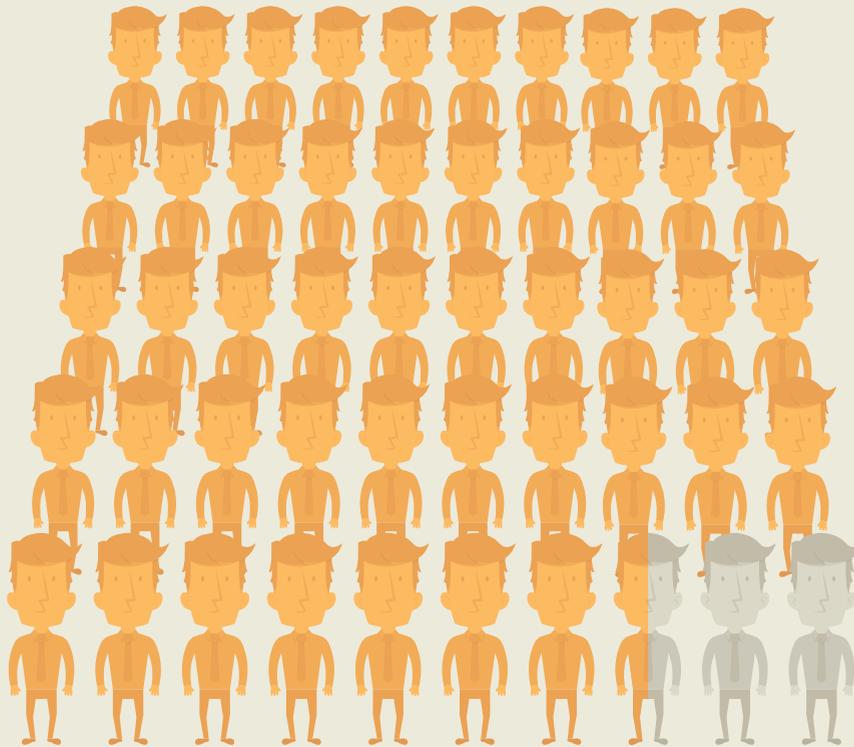
#5

I AM NOT A Labor Mgmt *Expert*

Like it or not, display fulfillment is an extremely labor-intensive process. The unique design aspects of in-and-out promotional displays makes any investment in automation nearly impossible to justify. Large, multi-product, fast-tracked, consumer goods display fulfillment lines often have more direct labor workers on **a single production line** than I have **in an entire plant**.

My cost-of-goods is paper – and I'm really good at managing that. But the largest cost-of-goods for a fulfillment expert is labor and managing labor is not my core strength. My business is heavy in capital and light on labor. My buildings aren't set up to handle 400+ line workers on a single shift and I don't have the systems and processes in place to recruit them, train them, and manage their productivity minute by minute. This lack of expertise in labor management results in higher costs, lower throughput, slower

speed-to-market, and daily chaos so extreme that my core business – making corrugated displays – also suffers when I try to take on a packaging-centric project.



PRO TIP: ^{*} Ask your fulfillment provider about their **track record** handling significant swings in labor. Showing you highest and lowest weekly staffing levels, staffing trends by industry or project-type and solid proof that they can manage labor efficiently should be easy.

**SIX THINGS
YOUR CORRUGATED
COMPANY
ISN'T TELLING YOU**

#6

**THE COST OF FULLFILLMENT
IS Worth It**

It's worth the incremental transportation cost to have a **true fulfillment expert** perform the **actual fulfillment**. While I hate to pass up the additional revenue, any cost savings recognized by eliminating a few truck loads of corrugated are quick consumed - and often exceeded - by the inefficiencies that result from asking me to perform work outside of my area of expertise.

One missed shipment, one lot code error, one over-designed piece of corrugated or a single fulfillment error will negate the savings you achieved by consolidating two disparate events into a single supply chain node. **Multiple** issues will significantly **increase** your costs. Remember, when dealing with the aftermath of a poorly executed retail event, no customer ever said "well, at least we saved a few thousand dollars in transportation!"

PRO TIP: ^{*} Focusing on total delivered costs (as opposed to individual cost lines) can be very difficult to do, especially in large companies where the true cost savings associated with a powerful supply chain solution may actually benefit another team, group or division. But remember, as your company strives to grow, while simultaneously reducing cost and simplifying its business across the board, delivering a radical, cross-functional change in thinking for the **overall good of the company** is the stuff that **supply chain heroes** are made of.



**SIX THINGS
YOUR CORRUGATED
COMPANY
ISN'T TELLING YOU**

IT'S TIME TO GET **Outside The Box**



Too often, we see consumer goods companies attempt to combine display design, manufacturing and fulfillment under one roof in an ill-fated attempt to simply reduce cost.

Forward thinking consumer goods companies have recognized that their customized products require a customized supply chain solution.

At **Coregistics**, we deliver these packaging-centric supply chain solutions. We partner with a wide variety of innovative packaging design resources, from the largest global paper companies to independent display designers.

This gives **Coregistics** the ability to choose the right partner that can best address the needs of each customer, bringing to the table “best-in-class” options for:

- Structural Designers
- Graphic Designers
- Hardware/Software
- Testing Facilities

We then drive true efficiency, cost savings and top line growth by focusing all efforts on successfully delivering your product to retail.

Learn how Coregistics can help **YOU** get you outside of the box by visiting www.coregistics.com.

