

Developing and Implementing an Order Efficiency Program That Works

Many large consumer packaged goods companies have order efficiency programs like price tiers and bracket pricing. These programs incent retailers to order in efficient order quantities resulting in shared savings. Our client, a mid-cap, fast growing CPG company, needed an order efficiency program to achieve the next level of growth, but wasn't sure if bracket pricing was the right approach.

The Cadent team leveraged retailer input, competitive research, and sophisticated order level analysis to build a customer solution that transcends bracket pricing and was successfully implemented with retailers.

The Challenge

The client had ascended to category leadership over a 10 year period by partnering with retailers in numerous ways to drive mutual growth. As the business grew, retailers began asking for an order efficiency program. The challenge was to design and implement a program with key customers who were ordering in small, uneconomical quantities on an as-needed basis.

It was important that the overall solution

- Would be valued by retailers
- Was simple to implement
- Was backed by strong data analysis
- Would provide a means to adjust as the environment and input costs fluctuated

A Customized Solution

Cadent developed a solution that combined retailer input with rigorous analysis. The process included:

Retailer Input: Cadent engaged retailer leaders in its network who provided guidance to develop a simple efficiency program instead of a more complex bracket pricing structure.

This was based on industry disruptions related to COVID-19, retailer systems and the client's product portfolio.

Order Level Analysis: Cadent conducted an in-depth analysis by customer, by order to assess the financial and efficiency benefits to the client and to retailers.

Solution: Cadent developed a customized solution by calculating per-order savings for retailers from ordering in full trucks. Retailers and the CPG client each benefited from the program.

Retailer Benefits

- Monetary compensation for holding more inventory for longer periods.
- Less congestion at loading docks with fewer trucks
- Fewer PO's
- Higher rate of on-time delivery

CPG Client Benefits

- Reduced supply chain costs
- Fewer trucks required
- More efficient loading with higher levels of full pallets
- Stronger service levels



Implementation: Cadent partnered with functions across the client to ensure the program would be fully executable. *This critical step* ensured the program would function within the existing IT infrastructure, production facilities and financial tracking mechanisms.

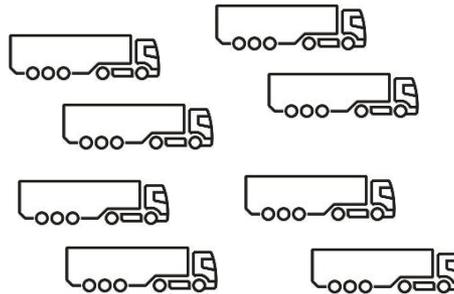
Execution Results

Cadent partnered closely with the client’s executive team, supply chain and sales leadership, and brokers to sell-in and execute the program. Major customers were addressed sequentially. The simplicity of the program and strong receptivity from retailers led to a fast, seamless roll out.

Financial Results

Within one month of launch, leading retailers shifted from less-than-full-truck ordering to ordering full trucks 90%+ of the time. The client was on the path to \$2MM+ dollars of annual supply chain savings.

FROM



TO



- ① \$2MM+ Annual Client Savings
- ② Fewer Trucks on the Road
- ③ Broader Supply Chain Efficiencies

The Cadent Go-to-Market Difference

The Cadent process leverages extensive experience in linking the needs expressed from retailers, through strong networks, complemented by rigorous data analysis to drive successful execution through customized solutions. Cadent uses this process across our work in supply chain, category leadership, and route to market engagements with CPG manufacturers.

The end solution must be practical and simple to execute with customers. Our teams combine a mix of legacy operating experience plus extensive consulting experience with full partner involvement to develop these innovative solutions.

For more information regarding supply chain or other Cadent offerings, please feel free to contact Richard Bode:
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