

# Customer profitability optimization for a CPG BrandCo

## Client Spotlight



### Situation

Our client faced a supply shortfall after a supply chain disruption, and as a result needed to rapidly optimize allocations to its customers to balance profitability, risk, and growth potential.

The client also sought advice on how to selectively add supply of certain SKUs to make the most of the available incremental capacity they could access.



### Solution

We conducted a rapid diagnostic to analyze profitability and trends at a product SKU and customer level, relative to available inventory and demand.

We also assessed options to add incremental product to optimize meeting additional demand without losing excessive profit.

After this, we conducted a supply chain redesign which would increase resilience and remove risk from similar events occurring in the future.



### Results

Our client initially expected a \$50M loss, which we were able to minimize to \$5M after complete optimization.

Additionally, the follow-on work was able to reduce 80% of risk from future supply shocks.

The analysis approach to create and optimize customer and product level profitability was also used to make smarter S&OP decisions in the future.



A leading frozen food manufacturer known for its commitment to quality and innovation. The company operates a complex supply chain, delivering a wide range of products to retailers and consumers across the market.

Tags: CPG, S&OP, customer profitability, product profitability, supply chain