



CPFR BASELINE STUDY
MANUFACTURER PROFILE

CPFR Baseline Study — Manufacturer Profile

By KJR Consulting

For the Collaborative Planning, Forecasting
& Replenishment Task Force
Logistics Committee
Grocery Manufacturers of America



GMA is the world's largest association of food, beverage and consumer product companies. With U.S. sales of more than \$460 billion, GMA members employ more than 2.5 million workers in all 50 states. The organization applies legal, scientific and political expertise from its member companies to vital food, nutrition and public policy issues affecting the industry. Led by a board of 42 chief executive officers, GMA speaks for food and consumer product manufacturers at the state, federal and international levels on legislative and regulatory issues. The association also leads efforts to increase productivity, efficiency and growth in the food, beverage and consumer products industry.



Founded in 1998, KJR Consulting provides consulting services to the consumer packaged goods industry offering consultation, instructional materials development, educational programs and research focused on business process improvement. As an outside resource and solution provider, KJR Consulting specializes in issue analysis and knowledge transfer to help its clients help themselves. Publications include: *Operationalizing ABC... Collaboration + Application = Results: A Roadmap for Success*; *Standard Product ID and Bar Coding: Foodservice Case Studies and Practical Applications*; *Foodservice Category Management: A Systematic Approach to Balancing Product Variety & Duplication in the Supply Chain*; *Activity Based Management for Foodservice Professionals*.



Syncra Systems, Inc. is the premier provider of supply chain alignment and collaboration solutions and the leader in collaborative planning, forecasting and replenishment (CPFR) implementations. Syncra products and services support all phases necessary to attain true supply chain alignment ranging from total supply chain visibility within an enterprise, to inter-enterprise visibility of trading partner data for better supply and demand alignment, to complete inter-enterprise supply chain collaboration and synchronization. Leading organizations and their most strategic trading partners across a broad range of industries—apparel, automotive, electronics/high-tech, consumer goods and retail—are realizing significant business impact from reduced inventory, to improved service levels, to increased sales.

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Executive Summary

CPFR's Path After Seven Years

In 1995, Wal-Mart Stores, Inc. formed what it called a working group with Warner-Lambert Company to pilot test a new model for collaboration on the forecasting and replenishment of Listerine in its stores.

The process was originally called C-FAR for collaborative forecasting and replenishment. The acronym has evolved into CPFR — standing for collaborative planning, forecasting and replenishment — in the seven years since this new way of using technology and transparent communications to improve supply chain efficiency began.

The Listerine pilot results — and those of the early pilots over the next few years in the consumer packaged goods (CPG) industry — were tremendously encouraging and widely publicized.

The Grocery Manufacturers of America (GMA) wanted to determine the status of CPFR among its member companies seven years after this revolutionary business process was launched. It commissioned a membership survey in the latter half of 2001 to measure the degree to which CPFR is being implemented as well as the attitudes toward this supply chain initiative.

One-third of GMA food and non-food membership responded to the survey, representing an excellent cross-section of member companies. Sixty-seven percent of these survey respondents said some CPFR activities are in place at some level in their companies. Almost half (49 percent) currently have CPFR pilots underway, and 19 percent have completed pilots. Twelve percent say they intend to go into CPFR production.

Among the most experienced users of CPFR, 67 percent report between 1 percent to 10 percent improvement in forecast accuracy, and 56 percent report a decrease in inventory and an improvement of service levels from 1 percent and 10 percent.

What Is CPFR?

Collaborative planning, forecasting and replenishment is a revolutionary business process wherein trading partners use technology and a standard set of business processes for Internet-based collaboration on forecasts and plans for replenishing product.

For the purpose of this study, CPFR was defined as those collaborative business practices that enabled trading partners to have visibility into one another's critical demand, order forecasts and promotional forecasts through a systematic process of shared brand and category plans, exception identification and resolution. As noted in the survey questionnaire for this study, the objective of CPFR is to improve efficiencies across the extended supply chain, reducing inventories, improving service levels and increasing sales.

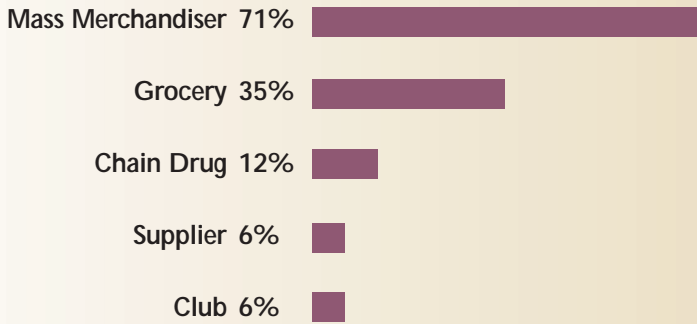
CPFR has now been adopted by numerous other industries, such as apparel, automotive and high tech. CPFR is supported by the Global Commerce Initiative, ECR Europe, ECR Brazil, ECR Colombia and many other international organizations.

Slightly more than seven in 10 (71 percent) of respondents have partnerships with mass merchandisers. CPFR alliances with grocery retailers ranked second with 35 percent, and chain drug partnerships came in third with 12 percent.

While most of GMA member companies enter CPFR partnerships and pilots with down-stream wholesalers and retailers, 6 percent of companies are partnering with an up-stream partner (a supplier of production material, warehouse space, packaging products, etc.).

The study highlights the rate at which the GMA community is adopting CPFR. Implementation has been conservative. For the most part, initial pilots were prompted by customer requests, with the achievement of benefits prompting additional pilots.

Active CPFR Pilots



Multiple Responses Allowed

Today's reality is that CPFR adoption rates have been more conservative than was expected after the publicity blitz of a few years ago. Industry analysts say that progressive, full-speed-ahead CPFR implementation may have been slowed over the past seven years by the costs, especially as so many companies took time out from everything else to concentrate on installing technology to beat the Y2K "bug."

Additionally, other technological barriers slowed CPFR rollout. The XML communications standard has just been released, and software providers now have CPFR enabling

solutions available. The B2B exchanges did not come into existence until 2000, and are only now coming up with CPFR capabilities and conducting CPFR piloting.

Some observers also believe that many more CPFR pilots or implementations are underway than media reports indicate. They say that some companies are not releasing information on CPFR programs, citing concerns over giving out critical company strategies to competitors. This fear, observers say, prohibits the documentation of benefits such as high return on investment that could be used as an inspiration for other companies to pilot CPFR.

The GMA respondents with a higher degree of experience in CPFR themselves note that CPFR is not an easy, plug-and-play initiative in which companies can follow a set matrix every time. They say a lock-step progression with each CPFR initiative is unrealistic because of the collaborative nature of this initiative. Throughout the interviews, it was noted that variation in trading partner vision, capability and willingness to share information flavor each CPFR experience.

The survey respondents revealed:

- ✓ Enthusiasm for the promise inherent in CPFR.
- ✓ Confusion about what CPFR actually is.
- ✓ Skepticism that defined most initiatives as pilots or ongoing tests.
- ✓ Desire to integrate CPFR strategically with strategic trading partners.

No. 1 Anticipated Benefit: Improved Forecasts

The most notable conclusion shared by companies with experience in CPFR activities is that the initiative provides their company an enhanced relationship with their trading partner(s). Communication is better. The working relationship is smoother and more focused on business-building rather than crisis or incident management.

Some 71 percent of all respondents viewed improved trading partner relationships as an anticipated benefit, 57 percent said it was a realized benefit. Improved forecast accuracy is the No. 1 anticipated benefit (86 percent) among all respondents, with increased sales and improved internal communications next — both with 76 percent.

Other reported measurable benefits include reduced out-of-stocks and improved service levels. Expectations regarding enhanced internal communication, improved asset use and better deployment of the organization's resources are significantly higher for companies having CPFR experience compared with those with none.

Respondents said CPFR partnering provides better insight into their trading partner's business needs and priorities — concerns that are translated into better decision making capabilities on both sides.

Companies with the greatest CPFR experience deemed collaborative planning, forecasting and replenishment as an initiative they intend to use strategically — not universally with every trading relationship or every product.

Technology: Facilitator & Barrier

Technology is, of course, a major facilitator of CPFR. It is viewed by some survey respondents, however, as somewhat of a barrier to the initiative — but not a showstopper.

Survey respondents advanced these thoughts on CPFR and technology:

- ✓ The use of private/corporate hubs is an option, but the use of business-to-business (B2B) exchanges would lead to scalability.
- ✓ The need to obtain a solution that would fully automate the CPFR process — one that provides interoperability among all players — is vital.
- ✓ The request is stated by respondents for communication standards to support interoperability.

Executive Summary

Quality of data issues appear to decline as CPFR process experience increases. Thirty-one percent of organizations with pilots support their CPFR initiative with store-level data. Sixty-six percent of respondents receive distribution center-level data. The desire for greater availability of store-level data was noted.

Questions that focus on organizational issues prompted comments underscoring process change, an increase in internal communication, a need for different skill sets and, therefore, a need for training. Most organizations have not altered their organizational structures or raised employee headcounts. The companies did note, however, that they are still trying to figure out an optimal use of their CPFR resources. Most organizations anticipate some cultural and organizational change triggered by CPFR.

Survey of an Industry

This report was designed to be used by GMA members to obtain an understanding of the degree to which their peers are adopting CPFR and to obtain “inside” information regarding challenges, experiences and anticipated and realized benefits. The study’s findings are encouraging. They reflect a membership committed to assessing and adopting business practices that optimize supply chain efficiency.

However, this survey did not attempt an in-depth probe of those GMA companies that have implemented CPFR and have operational programs in production. This information will be the subject of additional GMA research. Also, in view of its members’ commitment to CPFR witnessed in this study, GMA plans to offer a CPFR-focused program of publications, seminars and other activities in the months ahead.

Based on study results, collaborative planning, forecasting and replenishment appears to be gaining in importance and is viewed by GMA member companies as a viable vehicle for conducting business as the CPG industry moves into a new century.

Acknowledgments

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Gerard Cantwell, Jr.
Area Supply Chain Director
Kraft Foods, Inc.

Jolene Magruder
Manager, Supply Chain Optimization
Nestlé Purina PetCare Company

Emily Chu
Director, Supply Chain Logistics
Johnson & Johnson Sales and Logistics
Company

Alan A. Nemer
Director, Customer Service
The Dial Corporation

Dennis J. Gould
Manager, Customer Replenishment
General Mills, Inc.

Mike Raehl, CPIM
Director, Supply Chain Planning
Unilever Bestfoods NA

David C. Krok
Senior CPFR Planner
Johnson & Johnson Sales and Logistic Company

Study Sponsor:
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Appreciation is also due Accenture for contributing a large percentage of the glossary found in Appendix B.

Introduction

Background

During 2001, collaborative planning, forecasting and replenishment (CPFR) was generating the lions' share of media attention as a tactic promising to reduce inventory throughout the supply chain, enhance communication, smooth out production and reduce out-of-stock conditions. Case studies of pilots were published demonstrating tremendous savings. The business-to-business (B2B) exchanges all announced that the availability of a CPFR service was immediately forthcoming.

CPFR certainly held the industry's attention. But is CPFR the news media flavor-of-the-day or is it a long-term industry initiative?

GMA wanted to know if CPFR is a priority for its members. And, if so, how could GMA provide support to facilitate the efforts and objectives of its member companies?

To address these questions, GMA commissioned KJR Consulting in the fall of 2001 to provide a baseline study that would provide its members with a snapshot of the implementation levels and use CPFR within its membership. Industry Insights, Inc. was retained by GMA to provide the secure Web site for the survey and initial data compilation, and Syncra Systems, Inc served as a sponsor for this undertaking.

KJR Consulting worked with a GMA member task force, a subgroup of the GMA Logistics Committee, to identify the project's scope and develop the survey questionnaire. Taskforce members included representation from: Johnson & Johnson Sales and Logistics Company, Nabisco (now a division of Kraft), Pillsbury (now a division of General Mills), Nestlé Purina Pet Care Company, The Dial Corporation and Unilever Bestfoods, NA.

The purpose of the baseline study was to:

- ✓ Document the degree of CPFR use.
- ✓ Provide a baseline to track adoption.
- ✓ Convey member experiences with the implementation process.

Methodology

An invitation to participate in the study was sent via e-mail to 130 GMA-member companies. GMA staff identified one individual within each of the 130 companies as the designated respondent based on information from the membership and CPFR process responsibilities. The invitation encouraged the recipient to go to a Web site to fill out the questionnaire. Twenty-one organizations responded and completed the self-administered six-page questionnaire.

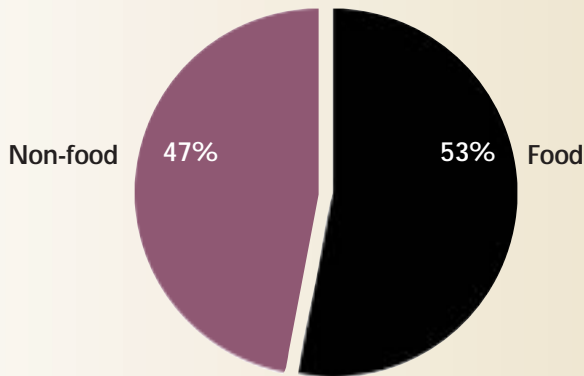
Introduction

In addition to the e-mail solicitation, a sample of member companies was selected to receive telephone interviews. These organizations were chosen because of their position on the membership list, i.e., a call was made to every third company until 22 calls were completed. The 22 participant interviews were based on the same survey questionnaire as the self-administered group. However, qualitative responses also were sought to obtain a more complete picture of member attitudes and experiences with CPFR.

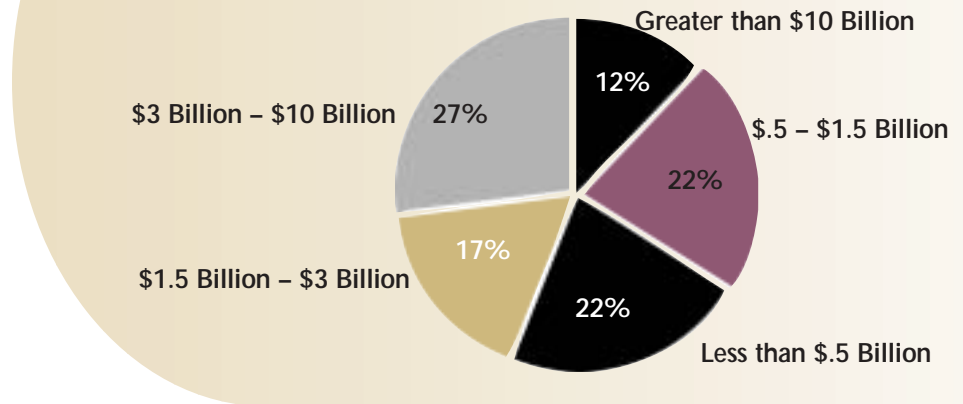
The results of the self-administered and the telephone-administered probes provide GMA with a baseline survey that represent 33 percent of its membership and a valid cross-section of the GMA membership.

The composition of participating organizations is as follows.

Study Respondents Representation by Category



Study Respondents Representation by Annual Revenue



The composition of the individuals who completed the questionnaire varied. Individuals in logistics functions had a greater representation than other areas. Briefly, respondents came from the following areas:

- ✓ Twenty percent are connected to a customer service function.
- ✓ Seventeen percent have logistics as a part of their title.
- ✓ Fourteen percent have supply chain responsibilities noted.
- ✓ Eleven percent are connected to electronic commerce.
- ✓ Six percent have a sales title.
- ✓ Six percent have information services incorporated into their title.
- ✓ Other titles include CRP manager, director of operations planning, director of corporate development, etc.

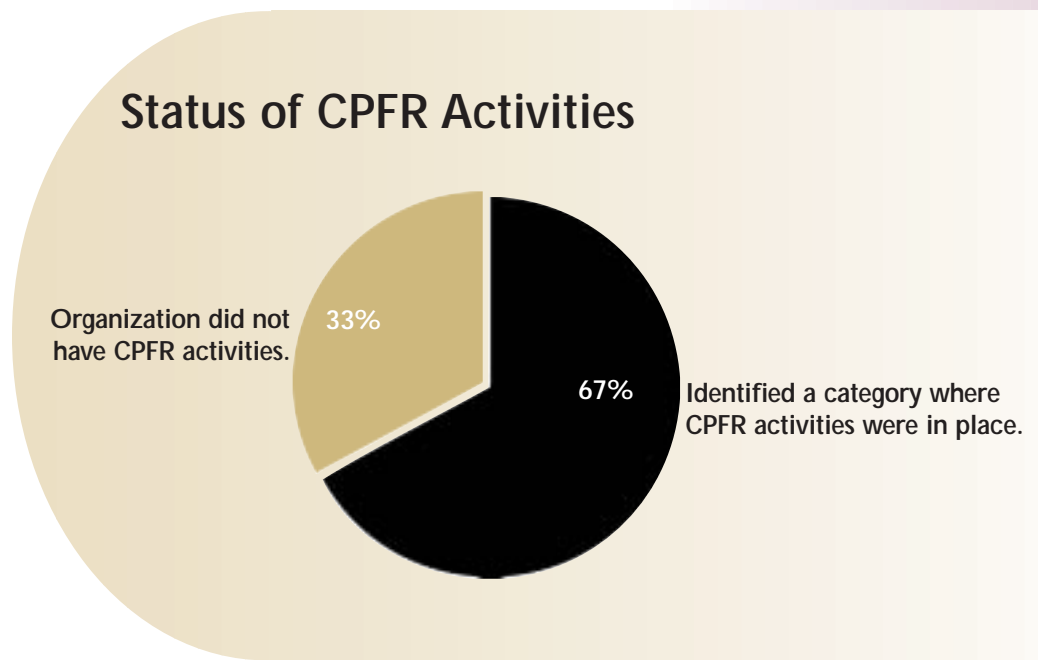
The profile of an industry at one particular moment in the pages that follow provide a good representation of GMA member companies' CPFR activities, commitment and expectations.

Chapter 1: State of the Industry

Overview

The study's first objective was to measure whether GMA members are engaging in CPFR and, secondly, to measure the extent of these engagements.

Sixty-seven percent of our respondents identified a category where CPFR activities were in place in their organizations. (Fifty-three percent of the companies are from the food sector and 47 percent are non-food organizations.) Thirty-three percent noted that their organization did not have CPFR activities.



Within the group that reported no CPFR activities (33 percent), respondents said, in most cases, this was not due to lack of interest. Two companies said that in their assessment CPFR is not appropriate for their business. However, the remaining organizations noted they are in the process of evaluating the initiative and whether it would be feasible for them to conduct a pilot program.

Some confusion exists among GMA-member companies concerning where vendor-managed inventory (VMI) ends and CPFR begins.

Two companies noted they would implement a pilot based on customer request — requests that were lacking at the present time. Other companies' comments included:

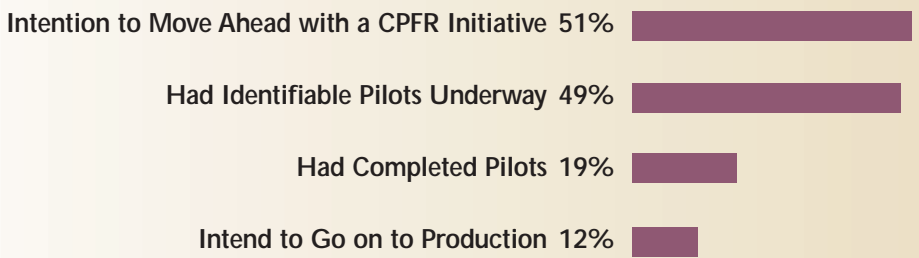
- ✓ Concern over their sense of CPFR's complexity.
- ✓ Concern regarding its scalability.
- ✓ Concern over the need to build a solid business case to proceed.
- ✓ Concern that customers are not pushing manufacturers to implement CPFR.

Further analysis through the interview process and additional discussions with the 67 percent that reported being engaged in CPFR activities show that these respondents include a broad range of collaborative work — particularly VMI — when responding to the question about engagement with CPFR.

Defining the organizations' present involvement with CPFR activities, the survey data reveal the following:

- ✓ Fifty-one percent note their organization's intention to move ahead with a CPFR initiative.
- ✓ Forty-nine percent have identifiable pilots underway.
- ✓ Nineteen percent have completed pilots.
- ✓ Twelve percent indicate they intended to go on to production.

State of the Industry



Multiple Responses Allowed

Customer-Initiated

Initially one of the strongest catalysts for CPFR pilots and on-going implementation was a customer's request. Fifty-one percent of respondents said that a trading partner approached them to initiate CPFR. Within this group, 68 percent noted their intent to move ahead with a CPFR initiative. Further, a higher number of non-food organizations report being approached by a trading partner than food organizations (67 percent for non-food and 50 percent for food).

GMA members mostly are asked to pilot by mass merchandisers (53 percent) with grocery (28 percent) and chain drug (12 percent) following. Two percent indicated they were asked to pilot by one of their own upstream suppliers.

During the telephone interviews, it was noted that one large retailer that is a customer to many of the survey respondents clearly specified CPFR in its approach to the manufacturers. This customer asked the manufacturer(s) to participate, spelled-out the vision, offered training, provided the proprietary software and developed the scorecard.

Because of the scope of this customer's imposed structural requirements — coupled with the initial benefits — 29 percent of its manufacturer trading partners moved ahead with an additional pilot(s) in a non-proprietary environment. The interviews underscored that this decision to test the concept with additional partners was attributed to perceived benefits, but they did not imply that all of these pilots were executed in a smooth or easy manner. In some cases, the scope of the pilot was reduced. In others, re-training was suggested and completed. Yet, the perceived benefits provided the motivation to investigate this initiative more fully with additional trading partners.

The telephone interviews with non-active companies further underscored the customer's role in driving the use of CPFR. Among the non-piloting group, several respondents noted that they are currently positioned on the sidelines but are actively evaluating what CPFR could mean for their organization while waiting for a customer to request a pilot. Their strategy is to be ready for the anticipated customer request.

CPG Manufacturer-Initiated

Not all GMA members are waiting around for a customer request, however. Some report that they are seeking out partners as well. When asked if their organization had selected a trading partner, 35 percent of the respondents who noted they had CPFR activities indicated that they had done so.

Allowing for multiple answers to this question, among respondents with CPFR activities, 45 percent had approached a customer. Seventeen percent point out that they had approached a supplier to initiate a pilot. Generally, the larger non-food organizations have greater representation in seeking trading partners for a CPFR pilot.

Allowing for multiple responses, a closer look into which trade channels GMA member companies are pursuing revealed:

- ✓ Thirty percent mass merchandisers.
- ✓ Twenty-one percent grocery.
- ✓ Seven percent chain drug.
- ✓ Five percent club.

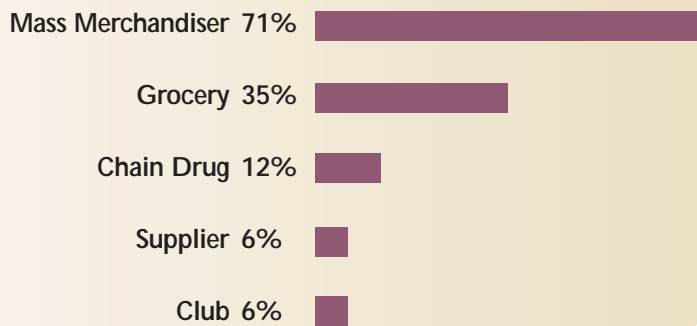
Not surprisingly within this group, non-food companies report asking mass merchandisers to pilot more than any other class of trade. Food companies report seeking partners in the grocery channel more often than other channels of trade.

The State of Pilots

Organizations were asked with whom they were piloting and the number of pilots being conducted indicate that most of the CPFR assessments are being carried out with retail/wholesale customers, rather than suppliers. Asked with whom they are conducting pilots, respondents said:

- ✓ Seventy-one percent mass merchandiser.
- ✓ Thirty-five percent grocery.
- ✓ Twelve percent chain drug.
- ✓ Six percent club.
- ✓ Six percent upstream supplier.

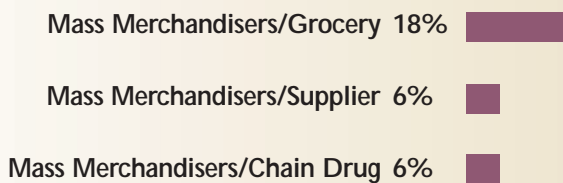
Active CPFR Pilots



Multiple Responses Allowed

GMA member companies reporting multiple pilots are paired with the following: 18 percent with mass merchandisers and grocery, 6 percent with mass merchandisers and chain drug and another 6 percent with mass merchandisers and upstream suppliers.

Multiple Pilots Reported



Multiple Responses Allowed

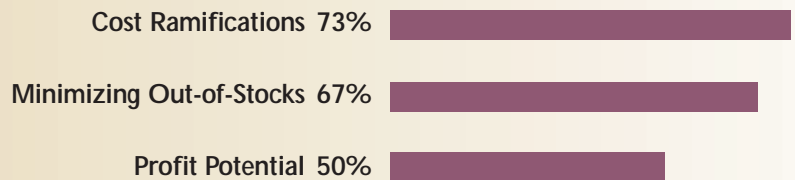
As noted, the multiple pilots are employed by companies to assess implementation and benefit in a non-proprietary environment at the request of a customer. Pilots are also used to put CPFR to the test upstream with the manufacturer as “customer.”

Category Selection & Anticipated Benefits

To document an organization's approach to CPFR, respondents were asked to rate the importance of 10 characteristics in their company's selection of a category for CPFR. The three most often selected answers for those companies with no CPFR activities were: cost ramifications (73 percent), minimizing out-of-stocks (67 percent) and profit potential (50 percent).

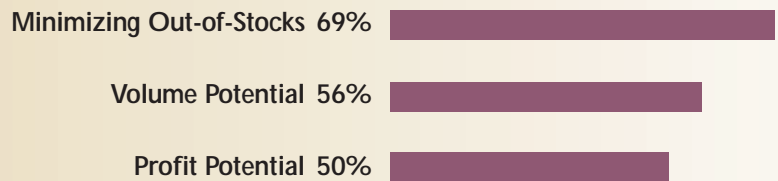
Most Often Selected Answers in Selecting a Category for CPFR

(Those with No CPFR Activities)



Most Often Selected Answers in Selecting a Category for CPFR

(Those with CPFR Activities)



Respondents with CPFR activities had a slightly different take on the most important characteristics of their CPFR's category selection process. Those mentioned most often are minimizing out-of-stocks (69 percent), volume potential (56 percent) and profit potential (50 percent).

Those member companies active in CPFR also post an interest in pursuing categories that have:

- ✓ Technological capability.
- ✓ Trading partner commitment and readiness.
- ✓ New items/new products.
- ✓ Potential to expand their business.

In terms of organizational goals, 93 percent of all respondents answered the question on what they hope to achieve as a result of adopting CPFR. Most important to this group (with 80 percent) is the goal of reducing out-of-stocks with improving forecasting accuracy coming in second with 67 percent.

Organizational Goals

Percentage Choosing Item as "Very Important" —
All Respondents



Multiple Responses Allowed

And what was the most important organizational goal to those companies that are experienced in CPFR, having completed pilots and moved on? The objective of reducing out-of-stocks is No. 1 with a slightly higher 83 percent of participants ranking it very important. However, improving trading partner relationships is tied as the second most important factor (67 percent) with improving service levels.

Organizational Goals

Percentage Choosing Item as “Very Important” — Organizations Most Advanced in CPFR Implementation



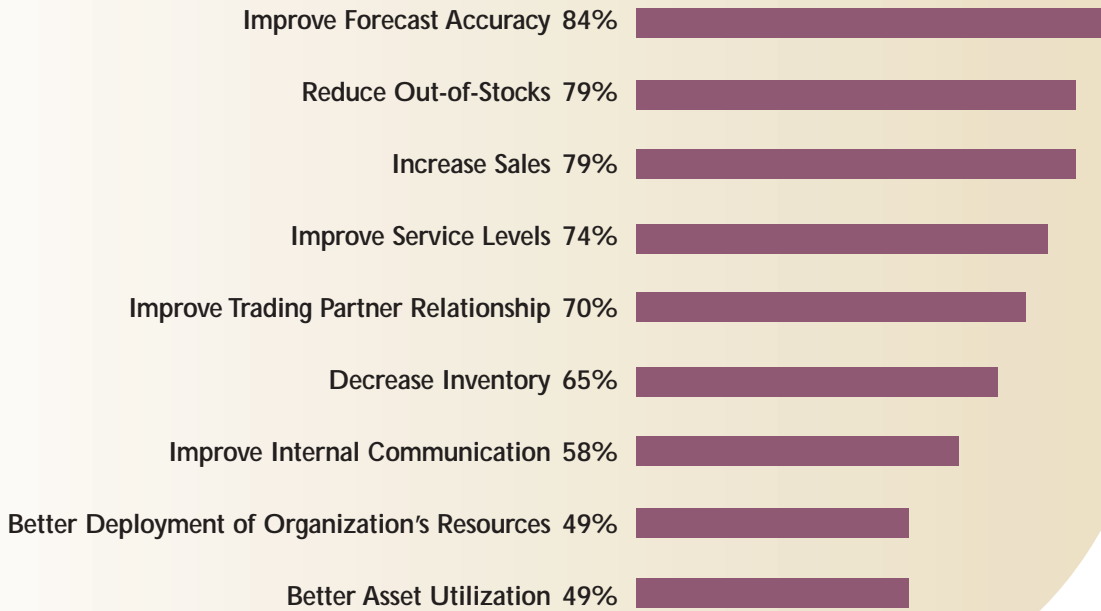
Multiple Responses Allowed

As expected, experience has a modifying effect on the importance of goals associated with CPFR. Improved forecast accuracy and increased sales are identified less often as their most important goal.

To gauge the perceived benefit of this tactic, a question was asked offering the same characteristics used in the goal-related question. Ninety-eight percent of all respondents answered this question on their organization’s anticipated benefit as a result of implementing CPFR. (Note: In the benefit section of this report, the responses of companies that had pilots in process or had completed pilots are highlighted.)

Anticipated Benefits of CPFR

(All Respondents)



Multiple Responses Allowed

As seen with the goal analysis, the benefit perception reflects an adjusted expectation as a company becomes more experienced with CPFR.

Chapter 2: Not a Plug-and-Play Initiative

Only 19 Percent Have Implemented CPFR

GMA member companies reported during the interviews a major insight into CPFR — that the initiative is not a plug-and-play initiative and the implementation process for most companies is more of an on-going, refining process than a one-time event.

Only 19 percent of those companies active in CPFR report completion of CPFR implementation, while 49 percent report currently being in pilot. Twelve percent note their intent to go on to production. (Multiple responses were allowed on this question.) These findings reflect a slower rate of implementation than previously anticipated given the media hype.

Historical Synopsis

The initiative began with Wal-Mart in 1995 with a program it called C-FAR — collaborative forecasting and replenishment. In November 1995, a working group was formed with Warner-Lambert Company, and a pilot was begun in April 1996 to test Listerine. The trading partners reported in a *GMA Special Report* that the new collaborative alliance using Internet communications to forecast and replenish took store service levels from 87 percent within Wal-Mart up to 98 percent while simultaneously reducing inventory from five-six weeks to two.

The Wal-Mart/Warner Lambert test also:

- ✓ Increased sales.
- ✓ Streamlined organizational operations.
- ✓ Improved administrative efficiencies.
- ✓ Reduced out-of-stocks, as well as inventory.
- ✓ Enhanced cash flow, ROA/ROS.
- ✓ Contributed to consumer satisfaction.

By 1998, the consumer packaged goods industry became aware of CPFR's potential benefits through industry presentations and the publication of the Voluntary Interindustry Commerce Standards (VICS) Association's *Roadmap to CPFR: The Case Studies*.

CPFR also became a program under the umbrella of initiatives of the Efficient Consumer Response (ECR), and the ECR Operating Committee collaborated on and helped write CPFR II, published in 1999.

The media played up the rewards documented in the Wegmans/Nabisco, Wal-Mart/Sara Lee and Kmart /Kimberly-Clark pilots. All the case studies highlighted huge benefits and an implied — if not stated — ease of implementation.

For example, the pilot by Wegmans Food Markets, Inc. and Nabisco, Inc. focused on Planters Peanuts. Results documented a 58 percent sales increase for the Planters brand, as measured by

Information Resources, Inc. (IRI) for the 30 weeks of the pilot's duration. (The increase in sales at retail was attributed to the jointly developed business plans, which is still held to be a key element of CPFR). Service levels to the stores increased 4 percent (from 93 percent to 97 percent) and days-of-inventory declined by 18 percent. To quote from the case study: "The results were achieved with minimal stress on the supply chain due to CPFR."

Today's Attitudes

In the autumn of 2001, the majority of GMA member company respondents commented on this promise captured in these very public pilots. The promise — as presented by industry organizations and the media — at times touted CPFR as the tactic that could be harnessed by all companies, for all categories to smooth out all the difficulties in the supply chain.

As one respondent stated, "CPFR...is going to be a part of the way we do business. We want to reduce in-store and internal inventory. The only way to do this is with accurate forecasting."

As a whole, the respondents acknowledge the desirability and promise of CPFR. Their comments stress a strong interest in CPFR and its potential. However, when questioned about their pilot experiences, their feedback does not convey an ease of implementation. Further, their results are not as great as those reported in the original CPFR case studies.

These implementation-related comments provide insight on the cadence at which CPFR is being adopted as a way of doing business. Of the GMA-member companies that reported having completed pilots, five noted they will continue using CPFR and broaden its scope to include other trading partners. Two companies registered a desire to move ahead once certain prerequisites are met, and one company indicated the assessed value did not appear to be there to merit continuing CPFR activities with the category that had been piloted.

The piloting companies were, for the most part, focused on understanding the meaning and reach of CPFR. Skepticism was reported. Concerns voiced about CPFR:

- ✓ Is not for all products.
- ✓ Is not for all customers.
- ✓ Brings into play the issue of trust, verification and acceptance of the results between trading partners.
- ✓ Is not sure the benefits are deliverable.

Woven throughout the majority of the telephone interviews is the statement that underscored a key finding: CPFR is not an easy answer — not a plug-and-play solution — to all procurement and replenishment needs.

This comment was repeated by many. It speaks to a refinement in the respondents' view regarding CPFR use and benefit expectation. The responses to the survey questions regarding objectives, expectations and results conveyed a "work in progress." CPFR today is considered to be more of an on-going process — not a plug-in-once-and-get-results event.

The study highlighted that the GMA membership is at various stages of CPFR adoption.

Chapter 3: The Elements of CPFR Implementation

The CPFR Process

CPFR is a way of doing business that is implemented by addressing a multitude of progressive tasks. To underscore and measure the progress of implementation, the survey offered 12 tasks and asked respondents the extent to which their company had addressed each. The results that follow deal only with responses from companies that indicate they have a CPFR pilot in progress or have completed one.

These respondents engaged in some aspects of the CPFR initiative provide a good indication of which processes are being addressed and which are not. Due to the collaborative nature of CPFR, responses vary. The answers reflect the interest, availability of data, ability, and perceived value of each activity. Participants note that a lock-step progression with each partnership is not realistic, but certain processes must be included to distinguish the effort as collaborative planning, forecasting and replenishment.

- 1. Establish a front-end agreement with your CPFR trading partner(s).** Some 57 percent of respondents have established a front-end agreement with their CPFR trading partner(s). Fourteen percent say they are in the process of doing so, and another 14 percent say it is under consideration. Ten percent have not addressed the issue but plan to do so, and only 5 percent say they have no plans at all to address the issue of establishing a front-end agreement with one or more trading partners.
- 2. Establish with your trading partner(s) an agreed-upon means of measuring your CPFR initiative's success.** Some trading partners were able and willing to participate in measuring CPFR benefit. Fifty-two percent of GMA companies have completed such agreements, and 14 percent have programs in process, and another 14 percent are considering the means. Yet another 14 percent have not addressed the issue but plan to do so. Some did not want this formality — 5 percent have no plans in this regard — while others said they were incapable of providing this type of data. In some cases pilots were conducted without measuring benefits, but were reassessed to integrate a measurement instrument.
- 3. Clearly spell out your organization's roles and responsibilities for your CPFR initiative.** Forty-five percent have completed this process, and 20 percent of respondents are in process. The issue is under consideration with 25 percent of companies, and 10 percent plan to address the subject. Percentage not interested at all: 0 percent.

This process too varies by trading partner, although clear communication is an absolute must for program success.

- 4. Clearly spell out your trading partners' roles and responsibilities for your CPFR initiative.** Exactly one half of respondents have completed this task. Seventeen percent are in process, with an equal percentage having the matter under consideration. Another 17 percent of GMA companies' respondents plan to spell out the roles and responsibilities but have not addressed the issue yet. Not one company said it did not plan to address this tactic.
- 5. Develop a joint business plan between your organization and your CPFR partner(s).** Overall, among all companies reporting, 48 percent had completed this step; 9 percent had it in process; 19 percent either had it under consideration, and another 19 percent plan to address the subject; 5 percent expressed no interest in this business strategy.

Companies with more experience in CPFR said this activity has been addressed. In other cases, including among experienced CPFR organizations, it is noted that partner interest is not as enthusiastic for this step as with other elements of CPFR. Therefore, trading partner willingness was a key factor in addressing this activity.

- 6. Generate a sales forecast for your CPFR initiative.** While the process immediately above lacked enthusiasm and activity, this step is the object of clear focus and execution.

Of all respondents, 71 percent had completed this step. In a three-way tie at 10 percent are those in process, those considering the move and those who have not considered this tactic but plan to address it. Not one respondent said his/her company had failed to address this issue.

- 7. Generate and agree to a list of exception items for your CPFR initiative.** Completed: 57 percent; 14 percent in process; 14 percent have not addressed this issue but plan to and an equal percentage have no plans at all to address this issue.
- 8. Develop a process to resolve sales forecast exceptions.** This too is seen as a key element and has been achieved by the majority who reported pilot activity.

With the overall respondents, 67 percent report completion, 9 percent are in process, 5 percent have it under consideration, 14 percent have plans to address and 5 percent have no plans to address the process of resolving sales forecast exceptions.

- 9. Generate an order forecast for your CPFR initiative.** Fifty-two percent of respondents have completed this step, and 5 percent are in process. Fourteen percent are looking at options and developing next steps while 24 percent have not addressed the subject at all but plan to do so. Five percent have no plans at all.

The “Veterans’ ” Progression

The next three processes highlight the progression of implementation with the companies most experienced in CPFR.

- 10. Generate a list of exception items for your order forecast.** Of the companies with experience in CPFR, an equal percentage (38 percent) have either implemented this tactic or have not addressed it at all but plan to do so. Five percent are in the process of generating the list. Ten percent have the step under consideration and are looking at options, while another 10 percent have no plans to address this process.
- 11. Develop a process to resolve order forecast exceptions.** Completed this step: 43 percent; 14 percent, under consideration; 33 percent, have not addressed, but plan to; 10 percent, have not addressed and have no plans to do so.
- 12. Develop a process to generate a committed order that has been accepted by both organizations.** Only 29 percent of GMA respondents experienced in CPFR had completed this step, 5 percent are in process and 14 percent have the matter under consideration and are looking at options. Forty-three percent of the experienced companies have not addressed this step yet but plan to, but 10 percent say they have no plans on this issue.

The answers to the process questions show a progression of activity and organizational focus. But, how does the work get done?

Getting the Work Done

The CPFR vision demands a change in how the players in the supply chain operate. It places a greater emphasis on communication and collaborative planning both within a company and across trading partner organizations.

Who does the work? How it is structured? Are additional personnel required? These questions and more are explored in the survey.

The majority of the CPFR experience relayed in this study portrays a down-stream collaboration (manufacturer to customer). Fifty-nine percent of the respondents note that their pilots are with customers, and 3 percent point out that their pilots are with a manufacturer and a supplier (vendor upstream). Therefore, the discussion of who does the work reflects the respondents’ experiences with a down-stream focus.

To determine the division of labor, respondents were asked two questions about who was involved in the organizations’ CPFR activities and additional questions about the organizational structure.

Twenty-eight of the 29 organizations who noted having CPFR activities selected to respond to the question asking which departments were actively involved in the organizations’ initiatives.

Departments Actively Involved in CPFR

Supply Chain/Logistics	76%
Sales	69%
Customer Service	55%
VMI	52%
IT	52%
E-Commerce	48%
Operations	17%
Executive Management	14%
Trade Relations/Customer Development	14%
Marketing	7%
Other	3%

In responding to the question on how their CPFR initiative is managed, 40 percent of the total respondents did not answer this question. The 60 percent that did noted the following about who manages their CPFR initiative:

- ✓ 63 percent Uses internal personnel.
- ✓ 14 percent Used software providers.
- ✓ 5 percent Used consulting services.
- ✓ 1 percent Used outside service bureau.

How did CPFR affect the company's organizational chart? CPFR implementation did not seem to have an impact on altering the majority of organizational structures. Seventy-five percent of respondents who had completed pilots or had pilots in progress indicated that they did not change their organizational structure. These respondents did hint that this state might change once the pilot results are assessed. "Not yet, we're trying to figure it out" and "Keeping an open mind about role changes and interactions between sales and operations" were typical comments.

The 25 percent of respondents reporting changes in their organizational structure said they were accomplished by:

- ✓ Adding a supply chain analyst and keeping the initiative under the leadership of sales and logistics.
- ✓ Setting up a unit within the customer service department to manage/administer CPFR accounts.
- ✓ Creating a demand management group.
- ✓ Strengthening the links with manufacturing, as opposed to the field (sales).

The last two items (above) refer to an approach that a few organizations selected to pursue, which is to centralize the order process and assign it to the demand-planning group, removing this responsibility from sales.

Other companies continue to have their initiative lead by sales. They said during the interviews that updating skill sets (for sales) is a priority. A tendency was noted by respondents to let CPFR

flow to logistics, which is historically where CPFR began. However, a key benefit of CPFR focuses on increasing sales through better planning and most companies believe that sales personnel must be involved because they are closer to the customer and to the forecasting process.

Clarifying roles, understanding skill sets and providing the necessary training appears to be a part of the CPFR journey. As noted earlier, the piloting organizations are in a learning mode and are adjusting their organization accordingly.

Does CPFR mean adding more employees? Sixty-two percent of all respondents indicate they did not anticipate adding full-time associates to sustain their CPFR efforts. Looking at only those organizations with CPFR pilots in progress or completed pilots, there is a nearly 50-50 split between companies who would or would not add full-time employees (53 percent indicated no, while 47 percent indicated yes). Asked which departments they anticipated increasing, the responses cite:

- ✓ Supply chain logistics.
- ✓ Demand planning.
- ✓ VMI/customer service.
- ✓ Customer service.
- ✓ Planning and forecasting.
- ✓ Sales planning.

Technology Overview

During the initial discussions for the study, the members of the GMA CPFR Task Force questioned whether technology is a deterrent to the implementation of collaborative planning, forecasting and replenishment. Survey questions were developed to determine if this were the case, to identify possible roadblocks if this were the case and to obtain a better understanding of current practices.

The interviews highlight a common frustration with technology and the pressing need for technology vendors to create/support software that fully automates the CPFR process — a process that is interoperable among all players. Respondents agree that the key to scalability depends on achieving this technological vision. In interviews, the majority of companies noted a fear that their trading partners would specify the use of proprietary solutions and/or non-compatible systems. It is clear to respondents that the cost of participation in a non-interoperable world would outweigh the apparent benefits promised by CPFR.

Regardless of this concern, respondents express a strong desire to move ahead with the pilots even with the recognition that the technology requirements have not fully caught up with their envisioned needs.

Please note this report mirrors the time during which the survey was taken in the second and third quarters of 2001. It does not reflect current advancements made by software vendors. At the time of the study, CPFR technology did not offer the scalability to go beyond small-scale pilots. CPFR-compliant products available today, however, offer full automation, interoperability and scalability.

The following captures the experiences as reported during the study period.

What Is the Data Source?

Several respondents expressed concern in interviews about the quality of the data necessary to fuel CPFR. This concern is most prevalent from companies just getting started in CPFR. Those who are further along did not articulate any negative comments about data quality. It is not an issue with them.

Most CPFR initiatives are supported by data from the distribution center-level. The respondents who have CPFR activities gave the following answers when responding to the question: What level(s) of data support your CPFR initiative with customers?

- ✓ 66 percent Distribution center level
- ✓ 31 percent Store level
- ✓ 31 percent Corporate level

When asked about upstream efforts (i.e. a manufacturer collaborating with its supplier), 14 percent said their data came from the manufacturing level. No other options were selected.

Software or Elbow Grease?

One comment by a respondent during an interview: “To make this work, the software will have to be there, but in the meantime, we are doing it by brute force and elbow grease with the hope the software will catch-up.”

To get a sense of the software that is being employed to support CPFR activities, respondents were asked three questions:

- ✓ How does your organization choose what CPFR software to use?
- ✓ Which of the following does your organization use in its CPFR initiative?
- ✓ Is your current software integrated or stand-alone?

For the most part, software decisions appear to be dictated by one’s trading partner at this time. However, respondents with multiple pilots who had approached a customer or a supplier that do not own proprietary software implemented other options. These companies said they are “using what their exchange is supporting” (21 percent) or “using what we initially used and request our partners to use it” (29 percent).

When looking at specifics, 15 percent are using Excel spreadsheets, 19 percent are using their own internally developed software, and 42 percent are using third-party software. This question allows respondents to select multiple responses and, indeed, most companies used more than one type of software. Basically, one respondent summed it up this way: “We’ll take data any way we can get it.”

Addressing the question of integration or interoperability of CPFR software, the majority of respondents (68 percent) are using stand-alone systems.

Scalability or Today's One-to-One?

During the interviews, some noted that industry e-marketplace/B2B exchanges would address scalability issues. One individual commented: "If this does not get sorted out, it will limit CPFR to a one-to-one process and that's what we are doing today."

Those that selected to comment on scalability suggested that the B2B exchanges or e-marketplaces are the key to making CPFR scalable.

The most active work targeted to move CPFR out of the pilot stage and into a production stage has been done by VICS (Voluntary Interindustry Commerce Standards) Association. A major hurdle of using CPFR on a larger scale has been to have data pass between organizations in a seamless manner. To address this challenge, a VICS working committee released an XML (eXtensible Markup Language) specification to serve as a basis for standardization (June 2001). This communications standard has been approved by the Uniform Code Council's standards approval body.

To determine the degree to which GMA members use XML, the survey asked three questions concerning application of this data format. Not one respondent indicated that they typically send CPFR data via XML, although other options were selected.

Most respondents were unable to state the extent to which or when their companies intend to use XML for any type of data transmission or other use in their CPFR efforts. Of those that responded to this question, seven companies project the use of XML within the next fiscal year. Within this group, 36 percent had active involvement of their information systems personnel in their CPFR activities vs. 14 percent who did not identify IT involvement in their CPFR activities.

"The XML specification has promise, but not everyone wants to support the same protocol," one interview respondent said.

So, how is the data being sent? Allowing for multiple responses to the question on how data is transmitted, half of respondents that selected to answer this question note that they transmit their CPFR data using EDI while 31 percent indicated they used a flat file.

Data Communication – Hub, Spoke or Exchange?

Allowing for multiple answers regarding their plans for data communication, 28 percent indicate their organization intends to sponsor a corporate/private hub to conduct CPFR data exchange. Forty-two percent intend to participate in someone else's corporate/private hub as a "spoke." This last response underscores compliance and/or anticipated compliance with a customer request.

Thirty-five percent note their plans to participate in an industry B2B exchange for CPFR implementation. The lack of availability of this service during the time the survey was taken (primarily in the autumn of 2001) did not deter those companies that wished to move forward with CPFR

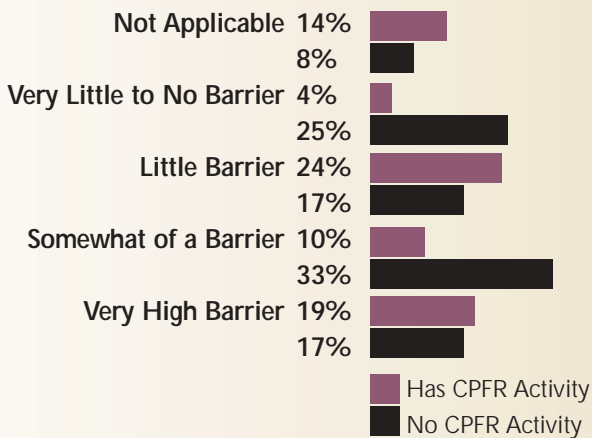
piloting. Thirty-eight percent of the companies that identify themselves as having CPFR activities note their organization's intent to use a B2B exchange.

When asked to identify barriers to their organization's CPFR implementation, "waiting for the availability of CPFR exchange service" received 33 responses out of 43 respondents. Over all respondents, waiting for CPFR exchange services ranked as follows:

- ✓ 18 percent reported it to be a very high barrier.
- ✓ 18 percent noted it to be somewhat of a barrier.
- ✓ 21 percent indicated it was minimal.
- ✓ 30 percent reported very little to no barrier.
- ✓ 12 percent indicated it was not applicable.

On this barrier of delayed CPFR exchange services, roughly one-third of respondents said they had no CPFR activities, and 72 percent of the organizations responding said they had CPFR activities. Of the two groups, those with CPFR experience said at the time of the survey last autumn that waiting for the availability of CPFR exchange services is less of a barrier than companies that had yet to move ahead with CPFR.

Waiting for the Availability of CPFR Exchange as a Barrier to Implementation of CPFR



One respondent voiced this opinion: "Most businesses will pursue their key relationships. We don't need an exchange...we do need the Internet." This quote serves to highlight the desire by many companies to go forward rather than to wait for a CPFR exchange service and may reflect a corporate business strategy that does not include a B2B exchange.

Barriers to Success

To document the barriers, the respondents were asked to note which of ten characteristics listed as possible CPFR deterrents applied to their organization and to rank the degree to which the selected descriptions impeded their organization's implementation.

Anecdotally, the barriers to CPFR implementation would have appeared to be sustained executive support, availability of e-marketplaces/B2B exchanges and scalability. The survey results do not indicate that these issues are top-of-mind when GMA member companies consider barriers to CPFR success.

Question: "Has executive management defined collaborative planning, forecasting and replenishment as a priority within your organization?" Answer: "No" from 65 percent of all respondents. However, in those companies with active pilots or with completed pilots, 43 percent indicate they did not have executive support while 57 percent said they did. This is not as decisive a picture as industry experts expected.

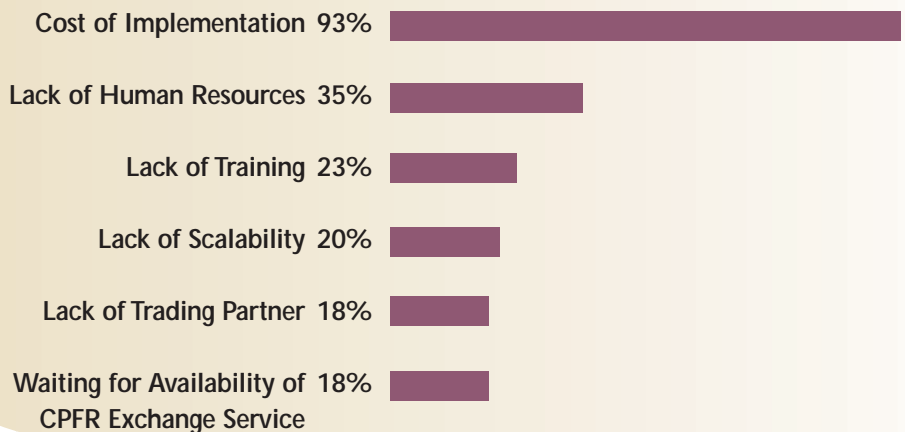
Lack of sustained executive support triggered little comment. This barrier was selected by six companies as being one of CPFR's barriers to the industry overall. Of the six, five note it is not applicable as a barrier to their own companies, and one respondent said it is somewhat of a barrier. This may reflect the fact that the majority of those with pilots (62 percent) have not completed their assessment and did not have the monetary support to continue piloting.

Lack of scalability also received little reaction. Of the five companies responding, four indicated that it is not applicable as a barrier to their individual companies. Again, this may be due to the composition of our respondents, most of whom were in pilot mode.

Lack of trust between trading partners also proved to be a non-issue among those that chose to respond to this barrier. Of the nine organizations responding, all note that it does not apply.

Ratings of "Very High Barrier"

(All Respondents)

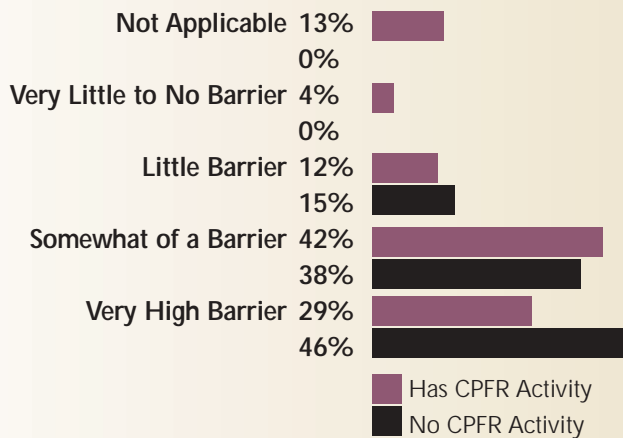


With all respondents, cost, lack of human resources and internal process change appear to be the highest barriers. On the surface, cost is the most significant with 93 percent of those who responded ranking it as a very high barrier. The other 7 percent indicate it is not applicable. A closer look at the data indicates 15 out of a possible 43 organizations selected this option. Of those that did, eight organizations represent companies with no CPFR activities. Or 57 percent of the companies with no CPFR activities said cost is a sizable barrier, and 21 percent of organizations active in CPFR indicate that cost is a very high barrier.

As noted in the discussion on organizational structure, the lack of human resources is identified as an issue. In terms of being perceived as a barrier to implementation, lack of human resources is a reported concern. Thirty seven organizations ranked this as a barrier. Overall, those listing lack of human resources as a barrier:

- ✓ 35 percent reported it as a very high barrier.
- ✓ 41 percent noted it to be somewhat of a barrier.
- ✓ 14 percent said it to be minimal.
- ✓ 3 percent reported it to be very little to no barrier.
- ✓ 8 percent said it was not applicable.

Lack of Human Resources As a Barrier



Those organizations with no CPFR activities indicated that lack of human resources is a greater barrier than those organizations with CPFR activities.

Human Resources As a Barrier

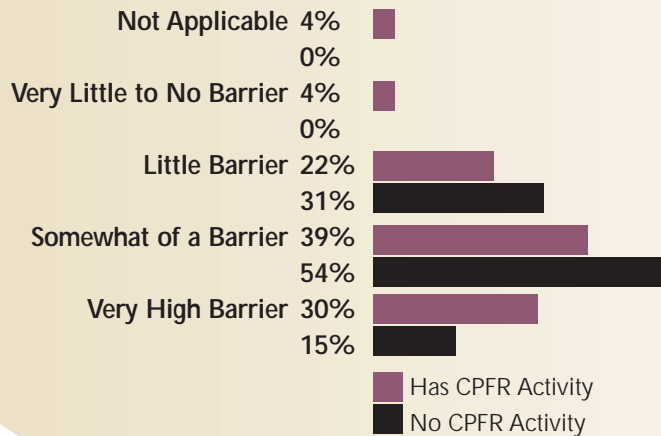
No CPFR Activities

46% reported it to be a very high barrier
 38% noted it to be somewhat of a barrier
 15% indicated it to be little
 0% reported it as very little to no barrier
 0% indicated it was not applicable

Has CPFR Activities

29% reported it to be a very high barrier
 42% noted it to be somewhat of a barrier
 12% indicated it to be little
 4% reported it as very little to no barrier
 13% indicated it was not applicable

Internal Process Change As a Barrier



Thirty-six organizations selected to answer questions on internal process change as a barrier to CPFR implementation. Overall:

- ✓ 25 percent reported it to be a very high barrier.
- ✓ 44 percent noted it to be somewhat of a barrier.
- ✓ 25 percent indicated it to be minimal.
- ✓ 3 percent said it is very little to no barrier.
- ✓ 3 percent reported it is not applicable.

Internal process change received a greater response rate among companies with no CPFR activities than those with activities (93 percent and 79 percent, respectively). Those organizations with CPFR experience see internal process change as a greater barrier than those who are not moving ahead with CPFR. Those with pilots in place note that to implement their initiative, a great deal of internal coordination and communication had to be addressed. This experience may explain the difference in perceived degree of challenge associated with this barrier.

Internal Process As a Barrier

No CPFR Activities

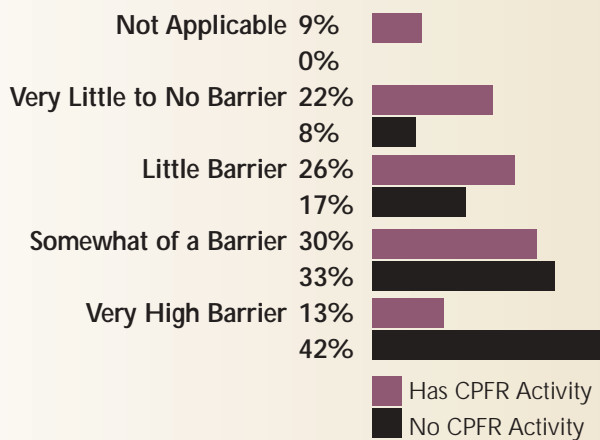
15% reported it to be a very high barrier
 54% noted it to be somewhat of a barrier
 31% indicated it to be minimal.
 0% reported it as very little to no barrier
 0% indicated it was not applicable

Has CPFR Activities

30% reported it to be a very high barrier
 39% noted it to be somewhat of a barrier
 22% indicated it to be minimal.
 4% reported it as very little to no barrier
 4% indicated it was not applicable

During the interviews, training surfaced as an important issue. Various organizations said the need to develop a CPFR training program and to retrain personnel at the insistence of a trading partner as a prerequisite to continue the pilot are priority issues. They also mentioned another priority: the commitment to create a training program for their staff as well as for their trading partner(s). Organizations with no CPFR activities hold this as a rather high barrier. Those with CPFR experience for the most part are required to participate in their trading partner's training program, which may explain some of the differences in perceptions.

Training as a Barrier to CPFR Implementation



Chapter 4: CPFR — The Benefits

“It took us 30 days of preparation to initiate the pilot,” one interview participant said. “We’ve been in it {the pilot} for 30 days and have already seen progress.”

The study unearthed both tangible and intangible benefits from collaborative planning, forecasting and replenishment initiatives. Comments from the interviews underscored an enthusiasm for the advantages that CPFR promised. Observations from GMA-member company respondents included the following as tangible and intangible CPFR benefits:

- ✓ Having access to data not available before.
- ✓ Obtaining enhanced insight to trading partners’ organization and concerns.
- ✓ Having a better working relationship with trading partner, leading to enhanced decision-making.
- ✓ Achieving better and continuous communication with trading partner and building a business plan together.
- ✓ Improving internal communications.
- ✓ Obtaining a more coordinated focus, e.g., better new product introductions.
- ✓ Becoming a preferred supplier.

Measuring Is Not Easy

Also center stage in many of the comments is the frustration in measuring the real impact of CPFR. The cause of the frustration varies, but respondents included the following:

- ✓ Lack of trading partner interest or inability to provide measurement data.
- ✓ Difficulty in detecting CPFR’s impact with so many other influencing factors on the business.
- ✓ Changing and evolving expectations and focus.

The survey documented CPFR benefits through three questions. One question elicited responses on anticipated benefits, and 98 percent of the total survey participants responded. The other two questions requested information on realized benefits, which were appropriate for a subgroup of the total respondents (those who were in pilots or had completed pilots). These questions obtained a response rate of 67 percent and 48 percent, respectively, and they elicited remarks concerning the difficulty of quantifying the benefits.

Anticipated Benefits of CPFR

The anticipated CPFR benefit for all organizations is noted in the state of the industry section and is illustrated in the following table.

Anticipated Benefits of CPFR

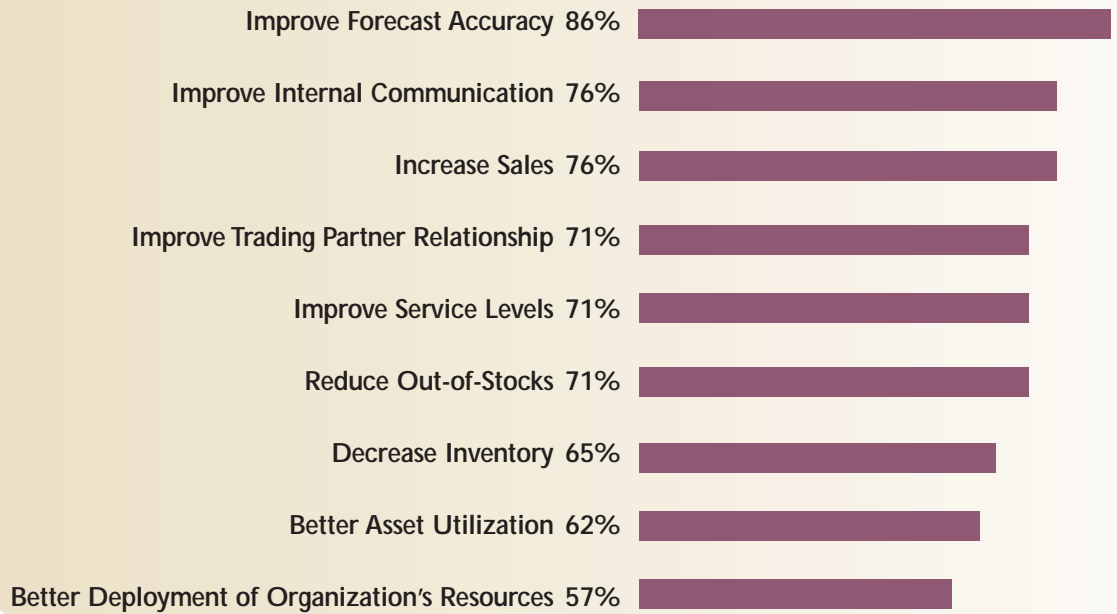
(All Respondents)



For those respondents whose companies have experience in CPFR or are in the midst of pilot testing or have completed pilots, their answers on anticipated CPFR benefits listed the same No. 1 anticipated benefit as the all-respondents' group. Eighty-four percent of all respondents rated improved forecast accuracy as the No. 1 anticipated benefit, and 86 percent of those experienced in CPFR gave it the No. 1 slot.

Anticipated Benefits of CPFR

(Respondents with CPFR Pilots or Completed Pilots)



Multiple Responses Allowed

Comparing the CPFR-experienced group with the total respondents, this group noted a higher degree of anticipated benefits in improved internal communication, better use of assets and better deployment of the organization's resources.

Realized Benefits of CPFR

The realized benefits as reported by the 21 organizations with pilots or completed pilots are as follows:

Realized Benefits of CPFR

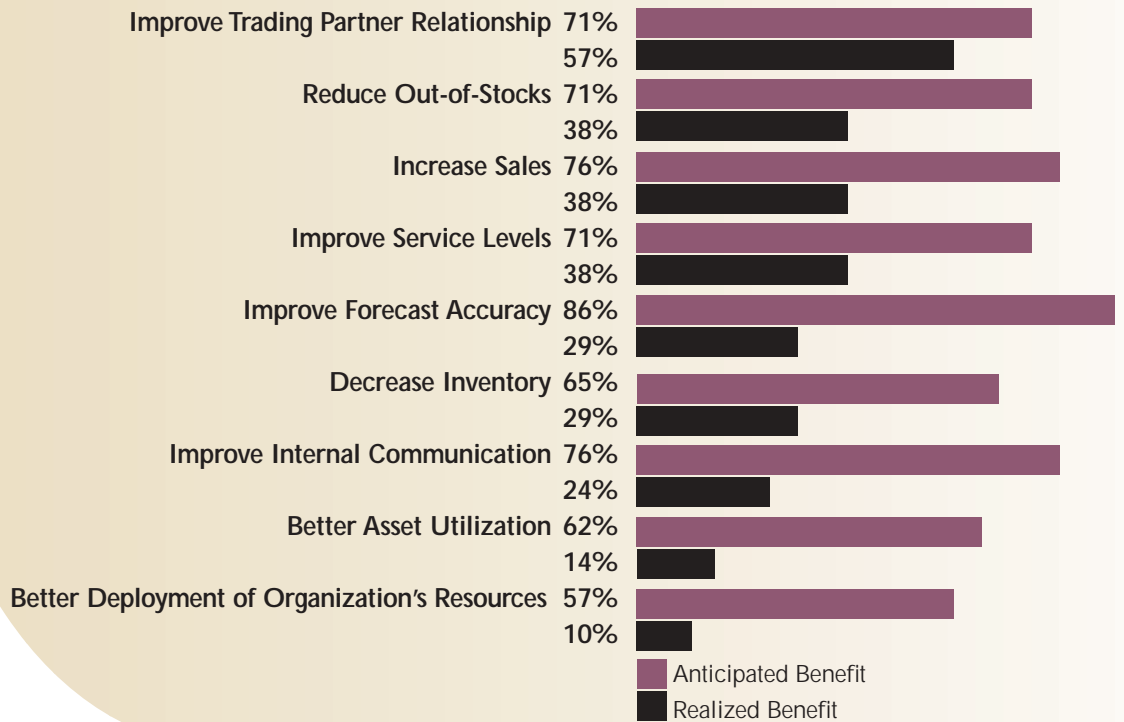
(Respondents with Pilots or Completed Pilots)



The realized benefits have, to date, fallen somewhat short of what was anticipated, especially when compared with the publicized case studies mentioned earlier in this report. However, the most often noted benefit is an improvement in trading partner relationship(s). Of the organizations that answered the realized-benefit question, 86 percent checked this response. Most comments zeroed in on the excitement of this hard-to-measure but very real benefit. The majority of respondents commenting in this area said they believe CPFR provides their organization with a competitive edge.

Anticipated & Realized Benefits of CPFR

(Respondents with Pilots or Completed Pilots)



In an attempt to truly quantify the above benefits, a scale of overall results was included in the survey. Of the organizations eligible to respond, (i.e., those with current pilots or those having completed pilots), only 48 percent selected to do so. Since 52 percent did not respond to the question and/or said they were unable to do because of the measurement requirement, these figures provide more of a flavor or sampling of perceived benefits than a complete industry cross section.

Experienced CPFR Companies' Realized Benefits

	Don't Know	No Change	Improvement		
			1% – 5%	6% – 10%	More than 10%
Reduction in inventory	20%	20%	30%	20%	10%
Improved service levels	20%	10%	20%	20%	10%
Increased sales	22%	33%	33%	0%	11%
Increase forecast accuracy	20%	20%	30%	40%	10%

A Last Word on Benefits

The respondents from companies that were more advanced in CPFR said they believe that CPFR is a more proactive way of managing their business and strengthening communication internally as well as with their customers.

Chapter 5: A Closer Look at the Most Experienced

Moving Forward

Overall, the results of the CPFR pilots are encouraging for those organizations actively involved with CPFR activities and to those contemplating adoption of CPFR. Certainly the most experienced respondents — those that had completed pilots and moved on to additional pilots or into production with their trading partners — are worth a second look. These organizations have set a baseline for how CPFR can be integrated as a company strategy in conducting day-to-day business.

What are the traits that distinguished these experienced CPFR organizations from the other respondents?

Characteristically, the greater the experience with CPFR, the greater the reported benefit. These advanced organizations report already having received some of the promised benefits of CPFR. For the most part, these organizations measure CPFR's impact on their businesses and are, as a group, more experienced in CPFR testing than their counterparts. These most experienced companies also have greater diversity of partners, and they report wider exposure to various software options and methods of data communication.

Of these most experienced users, 67 percent reported between a 1 percent to 10 percent improvement in forecast accuracy. One respondent said it was not so much a matter of more accurate forecasts, but rather that “you and your partner are working from the same numbers and, therefore, are more efficient.”

Fifty-six percent of this most experienced group note a decrease in inventory and an improvement in service levels of between 1 percent and 10 percent. Those companies that did not initially measure change did note their present intent to implement a scorecard to document improvement.

Other benefits mentioned by survey respondents included:

- ✓ A belief that they have stronger communication internally and with their trading partners and, as a result, are able to manage the business more proactively.
- ✓ A belief that they have better communication and are more efficient as a result.
- ✓ A belief that they have greater success with new product launches.
- ✓ A belief that they enjoy a closer relationship with their trading partner.
- ✓ A belief that they benefit from better order lead-time and, as a result, have better in-store presence.

The obvious theme is improved communication — a heightened business insight that was translated into improved performance. For these most seasoned organizations, their experiences with

CPFR justifies moving forward with the initiative. One respondent put it this way: “{CPFR} is too obvious not to take advantage of.”

Are there differences in benefit expectation between those organizations experienced in CPFR and the rest of the survey respondents? Two fundamental concepts voiced throughout the interviews are confirmed by the data. First, those with greater experiential knowledge more often temper their anticipated benefits compared with those with lesser implementation exposure. This appears to reinforce the “CPFR-is-a-journey” concept. Secondly, the concept of enhanced communication — especially internal communication — also is reinforced by this comparison. The experienced group selected internal communications and better asset utilization as an anticipated benefit more often than their less experienced counterparts.

Benefits Expectations		
Anticipated Benefit	Experienced	All Other
Decrease Inventory	67%	67%
Reduce Out-of-Stocks	56%	88%
Increase Sales	78%	82%
Improve Service Levels	56%	82%
Improve Internal Communications	67%	58%
Improve Trading Partner Relationships	67%	73%
Improve Forecast Accuracy	67%	91%
Better Deployment of Organizational Resources	44%	52%
Better Asset Utilization	67%	45%

CPFR Upstream

Benefiting from their relationships downstream with customers, the more experienced group also reports implementing pilots upstream with their vendors. From a statistical viewpoint, this group of up-stream implementers is too small to be statistically significant. However, from a baseline perspective, this relationship warrants mention.

GMA-member companies with up-stream pilots report the following:

- ✓ It is easier to implement being a customer.
- ✓ They also have more leverage being in the customer position.
- ✓ They find it easier because they had done it (CPFR) before, know what they want to accomplish and are not breaking new ground.
- ✓ Fewer people are involved.
- ✓ The implementation goes more rapidly with benefits also being achieved more quickly.

One organization saw this as an opportunity with relatively quick and easy benefits. The company said it had one upstream relationship established and planned more. In general, comments were supportive of pursuing an upstream initiative.

Other Issues and Insights

Remarks from the interviews underscored a desire to have access to in-store data for achieving greater accuracy and to improving decision-making capabilities. The most experienced group's initiatives are supported mostly with distribution center data — not much different from the other active CPFR respondents.

Throughout the interviews, variations in trading partner vision, capability and willingness to share information flavored the CPFR experience. Each CPFR partnership is unique, and there is no one model for a CPFR strategy. “Different retailers want different things and take different approaches,” one respondent noted.

Level of Data Supporting CPFR Initiative



Multiple Responses Allowed

Observations shared by the most experienced group underscore other aspects of this initiative:

- ✓ CPFR will be used strategically with strategic trading partners.
- ✓ Relationship-building is a major element of CPFR.
- ✓ Vendor-managed inventory will be more prevalent than CPFR given partner capabilities and ROI.
- ✓ Soft benefits in terms of communication are valued and seen as big wins across initiatives.
- ✓ CPFR will be one of the numerous strategies used to run our business.

Chapter 6: Prospects for CPFR

State of CPFR in Manufacturing

More than half of GMA-member company respondents said they plan to move ahead with CPFR, and 12 percent report that the initiative already is their normative means of doing business with certain trading partners.



From a baseline perspective, more than half of the respondents note their intent to move ahead with CPFR, and 12 percent reported that CPFR is part of their way of doing business with specific trading partners. The telephone interviews underscored the extent to which this initiative is being assessed and adopted.

Although the majority of companies with CPFR activity were involved in pilot testing, the study reveals several key insights from these organizations’ experiences. Respondents said CPFR is no longer a pie-in-the-sky ideal but is a real strategy that can bring real results. Companies said CPFR is now a strategic initiative to be used with trading partners that met specific criteria. However, respondents noted that CPFR is not an initiative for all categories or all products.

The organizations most experienced in CPFR report that its benefits are replicable. They note that a key attribute of this process is the reward of getting closer to trading partners. This closer relationship confers not only a better understanding of the partner’s business and better inter-company communications, but it also provides a strategic advantage in the marketplace, according to respondents.

The cadence for CPFR implementation to date has been conservative. Concern over the availability of technology to support the process caused many to proceed cautiously. This study was conducted during a time when software solutions for interoperability were not advanced. Time will

Chapter 6: Prospects for CPFR

tell whether the availability of more advanced technology will speed up CPFR adoption.

Training is singled out as an issue warranting attention. CPFR requires an adjustment in communication patterns and different skill sets. Companies actively engaged in CPFR activities are adjusting their expectations and use of internal resources while assessing the best way to implement this new initiative.

The CPFR promise to improve efficiencies across the extended supply chain is reported as a benefit by organizations with the greatest CPFR experience and is reflected as an anticipated benefit by those companies in pilot or having completed pilots.

To summarize, GMA members with CPFR experience are optimistic about the benefit provided through the use of this initiative. Their piloting activities afford them a better understanding of CPFR, its requirements and its potential reach. The CPFR model requires commitment and true collaboration.

“{CPFR} is one tactic, not the only tactic,” one respondent said. “It complements the other things we do, like building on strong relationships with our customers. Continuous communication with customers is one of its strengths, as are creating good strong relationships and building a business plan together. CPFR alone will not solve forecasting issues. It is important to help manage the business.”

Appendix A: CPFR Baseline Survey Questionnaire 2001

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL



2001 CPFR Baseline Survey

Deadline: August 24th, 2001

Organization _____

Respondent's name _____ Title _____

Mailing address where final report should be sent _____

Focus of Study

This study is focused on supply chain collaboration practices within the consumer packaged goods industry with a particular focus on Collaborative Planning Forecasting and Replenishment (CPFR).

For the purpose of this study, CPFR is defined as those collaborative business practices that enable trading partners to have visibility into one another's critical demand, order forecasts and promotional forecasts through a systematic process of shared brand and category plans, exception identification and resolution. The objective of CPFR is to improve efficiencies across the extended supply chain, reducing inventories, improving service levels and increasing sales.

Disclosure Statement

The information gathered in this survey will be held in strictest confidence. All information provided will not be shared with other responders or used for any other purpose other than for this survey. All information will be used as input only and summary data and findings will be shared only through GMA forums and communications.

Incentive to Participate

We certainly realize that your time is valuable and we have designed this form to be filled out as quickly as possible. In exchange for your time and input, you will receive the completed results from this research. We believe that this information will be of value to you and your organization and will help you assess where your organization is relative to others in the industry in the adoption of supply chain collaboration practices.

If you have any questions about this survey or how to complete it, please contact Karen Ribler of KJR Consulting at (202) 244-8336 or k2home@erols.com.

COMPANY DEMOGRAPHICS

1. Which of the following types of business units will your responses to this CPFR survey reflect? (Check only one)

- 1-1 Your entire organization/company (including international) 3 A business unit
 2 Your entire organization/company (domestic only) 4 A subsidiary

UNLESS OTHERWISE NOTED, FOR THE REMAINDER OF THIS SURVEY, THE WORD "ORGANIZATION" WILL REFER TO YOUR BUSINESS UNIT AS SELECTED IN QUESTION 1.

2. Based on your answer to question 1, please identify the category(s) of products included in your organization's CPFR activities (example: Health and Beauty Care, OTC Pharmaceuticals, Beverage, etc.) or check the box.

- 2 Do not have CPFR activities

3. Based on your answer to question 1, please indicate your organization's approximate annual revenue for the most recently completed fiscal year.

- 4-1 Less than \$500,000,000 3 \$1.5-\$3 billion 5 Greater than \$10 billion
 2 \$500,000,001-\$1.5 billion 4 \$3-\$10 billion

4. Please indicate the approximate annual revenue for your entire organization for the most recently completed fiscal year if different than above.

- 5-1 Less than \$500,000,000 3 \$1.5-\$3 billion 5 Greater than \$10 billion
 2 \$500,000,001-\$1.5 billion 4 \$3-\$10 billion

CPFR GENERAL INFORMATION

1. Which of the following stages of CPFR implementation best describes your organization's experience? (Check all that apply)

- 6 Devised a plan to select a trading partner(s) for a CPFR pilot 12 Currently in the process of implementing a CPFR pilot program
 7 Selected a trading partner(s) for a CPFR pilot 13 Have already implemented a CPFR pilot program
 8 Been approached by a trading partner to conduct a CPFR pilot 14 Have already completed a CPFR pilot program
 9 Approached a supplier for a CPFR pilot 15 Have already completed a CPFR pilot program and intend to go on to production
 10 Approached a customer for a CPFR pilot
 11 Plan to move ahead with CPFR initiative 16 Have completed CPFR implementation

2a. Has executive management defined Collaborative Planning Forecasting and Replenishment (CPFR) as a priority within your organization?
 17 Yes No

2b. If "yes" to 2a, who has defined CPFR as a priority? (Check all that apply)
 18 CEO 20 Sr. VP of _____ 22 24 Other _____ 25
 19 COO 21 VP of _____ 23

3. Within your organization, which departments are actively involved with the CPFR initiative? (Check all that apply)
 26 None—does not apply 30 IT 33 Marketing 36 VMI
 27 Executive Management 31 Supply Chain/Logistics 34 Sales 37 Other _____ 38
 28 Customer Service 32 Operations 35 Trade Relations/
 29 E-Commerce Customer Development

4. If your organization has selected a CPFR trading partner(s), how many of the partners are. . .
 Suppliers # _____ 39 Retailer/Wholesalers # _____ 40 Both/combination # _____ 41
 42 Have no CPFR partners

5. If your organization intends to move ahead with a CPFR initiative, please indicate the anticipated start time.
 43-1 Already started 3 Within the next six months 5 Other _____ 269
 2 Within the next quarter 4 Next fiscal year

6. Which of the following best describes your organization's plans for CPFR implementation? (Check all that apply)
 44 Does not apply/have no plans (skip to question 7)
 45 My organization will sponsor a CPFR corporate hub/private hub
 46 My organization will participate in someone else's corporate/private hub as a trading partner "spoke"
 47 My organization will participate in an industry e-marketplace or e-marketplaces. Please specify _____ 48
 49 Other _____ 50

7. If your organization has approached a customer for a CPFR pilot, in what class(es) of trade? (Check all that apply)
 51 Does not apply 53 Chain drug 54 Grocery 55 Club 56 Other _____ 57
 52 Mass merchandiser

8. Are you familiar with n-tier CPFR?
 58 Yes No

9. If your organization has been approached by a trading partner to implement CPFR, by what class(es) of trade? (Check all that apply)
 59 Does not apply 61 Chain drug 62 Grocery 63 Club 64 Our supplier 65 Other _____ 66
 60 Mass merchandiser

10a. If your organization is currently in a CPFR pilot, please indicate. . .
 67 Does not apply
 The number of pilots # _____ 68
 The number of partners # _____ 69
 The percentage of SKU's included _____ % 70
 The number of ship to's # _____ 71

10b. If your organization is currently preparing for a CPFR pilot, please indicate. . .
 72 Does not apply
 The number of pilots # _____ 73
 The number of partners # _____ 74
 The percentage of SKU's included _____ % 75
 The number of ship to's # _____ 76

11. If your organization is currently in a CPFR pilot or preparing for a pilot, please indicate the number of CPFR partners. (Indicate "0" if none.)

	Existing Pilot(s) (# of existing partners)	Preparing for Pilot(s) (# of planned partners)
Mass merchandiser	# _____ 77	# _____ 85
Chain Drug	# _____ 78	# _____ 86
Grocery	# _____ 79	# _____ 87
Club	# _____ 80	# _____ 88
Supplier	# _____ 81	# _____ 89
Other _____ 82	# _____ 83	# _____ 90
Total	# _____ 84	# _____ 91

CPFR Baseline Study — Manufacturer Profile

If your organization is *not currently* conducting a CPFR pilot, please skip to the “Company Approach” section.

12a. Do you anticipate that your organization will add incremental FTE’s (full-time equivalents) employees to sustain your CPFR efforts?
 92 Yes No

12b. If “yes,” in which department(s)?

 _____ 93

13. If your organization has completed all of its CPFR pilots, check “completed” below and go on to question 14. If your organization is currently conducting a CPFR pilot(s), please check “ongoing” below and skip to question 18. If your organization is currently planning a CPFR pilot(s), please check “planning” below and skip to the “Company Approach” section.
 94 Completed Ongoing

14. Please indicate the overall results of your organization’s initial CPFR pilot(s) in the following areas.

	Don't Know	No Change	1% to 5% Improvement	6% to 10% Improvement	More than 10% Improvement	
Reduction in inventory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	95
Improved service levels.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	96
Increased sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	97
Increased forecast accuracy.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	98
Other benefit (specify) _____ 101.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	99
Other benefit (specify) _____ 102.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	100
	-1	-2	-3	-4	-5	

15. With whom has your organization completed a pilot program (s)? (Check all that apply)
 103 Mass merchandiser 104 Chain Drug 105 Grocery 106 Club 107 A Supplier 108 Other _____ 109

16. Since your organization has completed its pilot, does it intend to go into production?
 110-1 Yes, definitely (skip to question 18) 2 Yes, but not until certain prerequisites occur 3 No (skip to question 18)

17. If your organization does not intend to go on to production until certain prerequisites occur, what prerequisites? (Check all that apply)
 111 Our exchange can offer this service
 112 The technology is available to make this endeavor scaleable
 113 Our trading partner(s) request(s) it
 114 Our IT resources can be deployed to integrate our CPFR software with our enterprise system
 115 Other non-CPFR related organizational priorities are addressed
 116 Internally we are structured to employ CPFR as a normative business process
 117 The business case to do this is proven
 118 Other reason _____ 119

18. If your organization is currently conducting a CPFR pilot, which of the following is the organization also doing? (Check all that apply)
 120 Expanding the pilot to include additional SKUs
 121 Expanding the pilot to include additional partners
 122 Creating an additional pilot
 123 In the process of integrating the initiative to achieve production status
 124 Fully integrating the initiative through the supply chain (up and down)
 125 Other _____ 126
 127 Nothing

19. With regard to your organization’s ongoing CPFR pilot, please indicate the current and planned number of. . . (indicate “0” if none and “DK” for Don’t Know)

	Current		Planned	
Trading partners in production	# _____	128	# _____	132
Trading SKUs in the expanded pilot	% _____	129	% _____	133
Additional trading partners in the expanded pilot.....	# _____	130	# _____	134
Additional pilots.....	# _____	131	# _____	135

COMPANY APPROACH

1a. Please indicate by circling the appropriate number the importance of the following items in terms of your organization's selection of a category for CPFR.

	Not at All Important To Selection	Not Very Important To Selection	Neutral	Somewhat Important To Selection	Very Important To Selection	
1. Cost ramifications.....	1	2	3	4	5	136
2. Lack-luster performer.....	1	2	3	4	5	137
3. Margin potential.....	1	2	3	4	5	138
4. Minimizing out-of-stocks.....	1	2	3	4	5	139
5. Performance potential.....	1	2	3	4	5	140
6. Profit potential.....	1	2	3	4	5	141
7. Promotional intensity.....	1	2	3	4	5	142
8. Service potential.....	1	2	3	4	5	143
9. Trading partner request.....	1	2	3	4	5	144
10. Volume potential.....	1	2	3	4	5	145
11. Other..... ¹⁴⁷	1	2	3	4	5	146

1b. Please indicate by using its number (1-10) which of the above items is . . .
¹⁴⁸ _____ The single most important selection factor (For example, if "Margin Potential" is the most important factor, place a "3" in the first blank.)
¹⁴⁹ _____ The second most important selection factor

2. How is your organization's CPFR initiative managed? (Check all that apply)
¹⁵⁰ Do not have a CPFR initiative (skip to "CPFR Process")
¹⁵¹ Using internal personnel
¹⁵² Using an outside service bureau
¹⁵³ Using consultant services
¹⁵⁴ Using ASPs
¹⁵⁵ Other _____ ¹⁵⁶

3a. Has your organization revised or changed its internal structure to accommodate a CPFR initiative?
¹⁵⁷ Yes No

3b. If "yes," please describe

 _____ ¹⁵⁸

4. What level(s) of data support your CPFR initiative with customers? (Check all that apply)
¹⁵⁹ Does not apply ¹⁶⁰ Store level ¹⁶¹ Distribution Center level ¹⁶² Regional level ¹⁶³ Corporate level

5. What level(s) of data support your CPFR initiative with suppliers? (Check all that apply)
¹⁶⁴ Does not apply ¹⁶⁶ Distribution Center level
¹⁶⁵ Manufacturing level ¹⁶⁷ Corporate level

6. How does your organization choose what CPFR software to use? (Check all that apply)
¹⁶⁸ Does not apply ¹⁷¹ Use what we initially used and request our partners to use it
¹⁶⁹ Use what our trading partner requested ¹⁷² Undecided
¹⁷⁰ Use what our exchange is supporting ¹⁷³ Other _____ ¹⁷⁴

7. Which of the following does your organization use in its CPFR initiative? (Check all that apply)
¹⁷⁵ Does not apply ¹⁷⁸ Third party software
¹⁷⁶ An exchange service ¹⁷⁹ Its own internally developed software
¹⁷⁷ Third party software—ASP ¹⁸⁰ An Excel spreadsheet
¹⁸¹ Other _____ ¹⁸²

8. For the most part, is your current CPFR software. . . (Check all that apply)
¹⁸³ Does not apply ¹⁸⁵ Interoperable across the supply chain in which you are partnering
¹⁸⁴ Integrated with the organization's enterprise wide system ¹⁸⁶ Stand alone
¹⁸⁷ Other _____ ¹⁸⁸

9a. How does your organization typically send its CPFR data? (Check all that apply)
¹⁸⁹ Does not apply ¹⁹² Flat File ¹⁹⁵ Other _____ ¹⁹⁶
¹⁹⁰ EDI ¹⁹³ E-mail
¹⁹¹ XML ¹⁹⁴ Manual (fax, overnight service, mail)

9b. If your organization does not currently use XML to transmit CPFR data, do you anticipate it will do so?

197-1 Yes, within the next quarter 4 Yes, but don't know when 6 Don't know
 2 Yes, within the next six months 5 No 7 Does not apply
 3 Yes, next fiscal year

10. Does your organization use XML to transmit any type of data (CPFR or otherwise)?

198-1 Yes 2 No 3 Don't know

11. In your organization, approximately how much of the CPFR budget is contained in the following departments? (Total should equal 100%)

199 Do not have a CPFR budget (skip to "CPFR Process")

200 _____% Customer service
 201 _____% Demand planning
 202 _____% E-commerce
 203 _____% IT
 204 _____% Logistics
 205 _____% Operations
 206 _____% Marketing
 207 _____% Sales
 208 _____% Trade relations/customer development
 209 _____% Special projects
 210 _____% CPFR department
 211 _____% Other _____ 212
 100% Total

CPFR PROCESS

1. Please indicate the extent to which your organization has addressed the following CPFR tasks. (Choose one response per line.)

	Have not addressed and have no plans to	Have not addressed, but plan to	Under consideration (In process of looking at options/devising next step)	In process	Completed
Establish a "front-end" agreement with your CPFR trading partner(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 213
Establish with your trading partner(s) an agreed upon means of measuring your CPFR initiative's success.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 214
Clearly spell out your organization's roles and responsibilities for your CPFR initiative.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 215
Clearly spell out your trading partners' roles and responsibilities for your CPFR initiative.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 216
Develop a joint business plan between your organization and your CPFR partner(s).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 217
Generate a sales forecast for your CPFR initiative.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 218
Generate and agree to a list of exception items for your CPFR initiative.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 219
Develop a process to resolve sales forecast exceptions.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 220
Generate an order forecast for your CPFR initiative.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 221
Generate a list of exception items for your order forecast.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 222
Develop a process to resolve order forecast exceptions.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 223
Develop a process to generate a committed order that has been accepted by both organizations.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 224
	1	2	3	4	5

BENEFITS AND BARRIERS

1. Please indicate by circling the appropriate number the extent to which the following items serve as a barrier to your organization's implementation of CPFR.

	Does not apply	Very High Barrier to Implementation	Somewhat of a Barrier to Implementation	Little Barrier to Implementation	Very Little/No Barrier to Implementation	
Lack of trust with trading partner	<input type="checkbox"/>	1	2	3	4	225
Lack of internal communication	<input type="checkbox"/>	1	2	3	4	226
Cost of implementation.....	<input type="checkbox"/>	1	2	3	4	227
Lack of sustained executive support	<input type="checkbox"/>	1	2	3	4	228
Lack of scalability	<input type="checkbox"/>	1	2	3	4	229
Internal process change.....	<input type="checkbox"/>	1	2	3	4	230
Waiting for availability of CPFR exchange service.....	<input type="checkbox"/>	1	2	3	4	231
Lack of human resources.....	<input type="checkbox"/>	1	2	3	4	232
Lack of a trading partner	<input type="checkbox"/>	1	2	3	4	233
Lack of training.....	<input type="checkbox"/>	1	2	3	4	234
Other..... ²³⁶	<input type="checkbox"/>	1	2	3	4	235

2. Please indicate by circling the appropriate number the importance to your organization of the following goals of CPFR. Then, indicate the areas where you anticipate organizational benefits as a result of CPFR and/or those areas where your organization has already benefited from CPFR.

Goal	Not at All Important	Not Very Important	Neutral	Somewhat Important	Very Important	Anticipate a benefit as a result of CPFR	Have already benefited from CPFR
Decrease inventory.....	1	2	3	4	5 ²³⁷	<input type="checkbox"/>	<input type="checkbox"/> 248-249
Reduce out of stocks.....	1	2	3	4	5 ²³⁸	<input type="checkbox"/>	<input type="checkbox"/> 250-251
Increase sales.....	1	2	3	4	5 ²³⁹	<input type="checkbox"/>	<input type="checkbox"/> 252-253
Improve service levels.....	1	2	3	4	5 ²⁴⁰	<input type="checkbox"/>	<input type="checkbox"/> 254-255
Improve internal communication.....	1	2	3	4	5 ²⁴¹	<input type="checkbox"/>	<input type="checkbox"/> 256-257
Improve trading partner relationship.....	1	2	3	4	5 ²⁴²	<input type="checkbox"/>	<input type="checkbox"/> 258-259
Improve forecast accuracy.....	1	2	3	4	5 ²⁴³	<input type="checkbox"/>	<input type="checkbox"/> 260-261
Better deployment of organization's resources.....	1	2	3	4	5 ²⁴⁴	<input type="checkbox"/>	<input type="checkbox"/> 262-263
Better asset utilization.....	1	2	3	4	5 ²⁴⁵	<input type="checkbox"/>	<input type="checkbox"/> 264-265
Other..... ²⁴⁷	1	2	3	4	5 ²⁴⁶	<input type="checkbox"/>	<input type="checkbox"/> 266-267

3. Please share any comments you wish to relay to GMA regarding CPFR.

Thank you for taking the time to answer these questions. GMA is confident that you will find the survey results most useful. Please make a copy of this form in case you wish to compare your responses with the industry typicals, then return the survey to:

**Industry Insights
PO Box 20127
Columbus, OH 43220
Fax: (614) 442-3302**

Appendix B: Glossary

(Based in large measure on *A Guide to CPFR Implementation* by ECR Europe and Accenture, 2001)

B2B (Business-to-Business)

Exchange of products, services and information between businesses.

CPFR (Collaborative Planning, Forecasting and Replenishment)

CPFR is a cross-industry initiative designed to improve the supplier/manufacturer/retailer relationship through co-managed planning processes and shared information.

DC (Distribution Center)

A warehouse that receives merchandise from multiple vendors and distributes it to multiple stores.

Downstream

Flow of goods and services from the manufacturer to the wholesaler/retailer.

EDI (Electronic Data Interchange)

The computer to computer transmission of information between trading partners in the supply chain. The data is generally organized into specific standards for transmission and validation.

Protocol

Rules of engagement; order in which events or processes occur.

SKU (Stock Keeping Unit)

A SKU is any trading unit (case, tray, promotional shipper, pallet) that can be ordered by customers and handled in the supply chain. It is labeled with a uniquely identifiable trade number. It may consist internally of consumer units (product package size as sold to customers) or other trading units.

UCC (Uniform Code Council)

A non-profit organization dedicated to the establishment and promotion of multi-industry standards for product identification and related electronic communication. The organization's goal is to enhance supply chain management and add value to the consumer.

Upstream

Flow of goods and services from the upstream suppliers, including materials suppliers, warehouse and transportation suppliers, etc. The opposite of downstream.

VICS (Volunteer Inter-industry Commerce Standards)

A non-profit organization focusing on the improvement of product and information flow throughout the supply chain.

VMI (Vendor-managed Inventory)

In VMI the vendor (supplier) manages the stock levels and availability in the customer's warehouse, based on forecast demand.

XML (eXtensible Markup Language)

XML is the universal format for structured documents and data on the Web. XML is a flexible way to create common information formats and share both the format and the data on the World Wide Web, intranets and elsewhere.

Appendix C: On-Line CPFR Resources

Collaborative Planning, Forecasting & Replenishment www.cpfr.org

ISIT.com www.isit.com/IndexSC.cfm

Kurt Salmon Associates www.kurtsalmon.com/KSA_consumer/Services/CPFR/CPFR.htm

MoonwatchMedia www.moonwatchmedia.com

RetailSystems.com www.retailsystems.com

RosettaNet www.rosettanel.org

Supply Chain Council www.supply-chain.org/

UCCnet www.uccnet.com

Uniform Code Council www.uc-council.org

Voluntary Interindustry Commerce Standards Association www.vics.org

About.com <http://www.logistics.about.com>