

## **Break the habit! - Supply chain consultancy urges drinks companies to stop being “asset junkies”**

*- Focus must be to move from the back end of the supply chain to the front -*

Many drinks companies are losing competitive advantage as they “obsess about production assets”, and don’t pay enough attention to managing suppliers and their routes to market” says supply chain consultancy, [Crimson & Co.](#).

Competition within the drinks business is vast, and fluctuating economies and a rise in demand driven innovation has led to huge shifts in customer bases and product portfolios. It’s a complex headache for supply chain leaders, who are already struggling with bandwidth.

However, Crispin Mair, Director, Crimson & Co argues that many within the drinks sector are making life more difficult for themselves, simply because they are focussing on the wrong end of the supply chain. Crispin says: “In drinks, there is often an obsession with manufacturing – how can we squeeze a last few percentage from our OEE? - but actually production is one area that the sector usually has under control, with sharp, robust processes in place.

“The harsh reality is this: *if you look at the conversion costs in almost all cases, i.e. the numbers the manufacturing director actually controls – and compare them to the total logistics costs, logistics is significantly larger.*” Crispin warns that supply chain leaders need to move on, fast, and examine areas of the supply chain that are typically less scrutinised, such as demand forecasting, supplier collaboration, network design and contractor management.

Crispin continues: “Retailers and consumers are throwing all sorts of demands and variables at the supply chain, and firms must become more responsive if they are going to survive. If supply chain leaders redeployed the problem solving skills of their manufacturing leaders to reviewing the processes outside of the production environment, it would revolutionise the front end of their supply chain.

“The companies who tackle these areas first are going to be one the ones that gain competitive advantage and stand out as leaders.”

**-ENDS-**