

Team 5 FMCG Executive Summary

This paper discussed multiple areas that were key to fast-moving consumer goods (FMCG) companies. The aim was to identify the current situation and common challenges that FMCG companies face, and the team adapted the course knowledge of operation and production management strategies for these FMCG companies to stay competitive.

There was a team member who worked in a FMCG company for years and he was familiar with the industry. The approach of the team was to first analyze the current situation that the FMCG companies faced as a whole industry. Then the recommendations related to the course knowledge were made and displayed.

Firstly, the paper identified the issues that the FMCG industry faced currently in three aspects: customer needs, supply chain and manufacturing. The finding talked about the ever changing consumer needs, which are currently convenience, novelty, health and wellness. Then the supply chain issue included the bullwhip effect and how it can be mitigated through better customer and supplier collaboration, more accurate forecasting, better visibility and insights. Moreover, the manufacturing aspects are examined in detail. Mass customization requires fundamentally rethinking the operations, which involve both processes and machines.

The corresponding recommendation were made as following. To successfully adapt to the current consumer demands, it is recommended to FMCG companies to start selling on e-commerce platforms such as Amazon.com, set up project management office and systematic innovation process to continue bring novelty to consumers and go green by converting to environmentally friendly packaging, which will appeal to consumers. At the same time, logistics expenses are major part of the cost of goods sold and they must be reduced to keep competitive. The paper then discussed about how supply chain cost reduction can be achieved. For the manufacturing, manufacturing execution systems (MES) might be one of the effective solutions for realizing mass customization. In addition, from a manufacturing standpoint, reducing cost can put FMCG companies in a competitive position. Automation and outsourcing are two ways to achieve cost reductions, which will be discussed in detail.

At the end of the paper, the future path of the FMCG companies is discussed and final takeaways are provided. The team concluded that a project management office was essential to the FMCG companies, as it could improve the novelty of the departments and as well improve the coordination. Moreover, more technical system should be implemented, only in this way the industry could grow rapidly.