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cpg summit

CPG Summit: supply chain workshop debrief

Supply chain resilience

October 16, 2024

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Workshop overview

In an era when unpredictability is the only certainty, the pursuit of a resilient supply chain has become the linchpin of thriving consumer products companies.

At the recent Ernst & Young LLP (EY US) workshop during the annual Consumer Brands Association (CBA) CPG Summit, industry leaders convened to participate in a peer-to-peer exchange exploring the challenges and opportunities in fortifying robust supply networks. Emphasizing the integration of circularity, traceability, sustainability and artificial intelligence (AI)-driven efficiency, the workshop addressed the intricate balance between consumer demands and regulatory frameworks. This pivotal event marked a significant step for decision-makers dedicated to shaping the resilient supply chains of the future.

As the global economy grapples with the complexities of sustainability and the demands of an ever-evolving market, the workshop illuminated the transformative power of data analytics, AI, and the irreplaceable value of human insight. Together, these elements form the cornerstone of a supply chain that not only withstands the shocks of disruption but also emerges more agile and attuned to the rhythms of change.

This debrief explores the rich discussions from the workshop's three breakout sessions, which focused on circularity, traceability, sustainable and socially responsible inputs, and operational efficiency and AI integration – featuring insights from distinguished panelists that included Amanda Hodges, EVP & Chief Commercial Officer, Republic Services; Sarah Edwards, NA Director and Private Sector Lead, Eunomia; David Correll, Deputy Director for Research - Office of Multimodal Freight Infrastructure & Policy, DOT; Rajen Raval, Director of Supply Chain and Industry Partner Solutions, Microsoft; and David Shillingford, Co-Founder, Everstream Analytics.

Circularity insights

The circularity session at the workshop illuminated the complex challenges and untapped potential of scaling circular packaging solutions. Emphasizing the need for comprehensive collaboration, from manufacturers to end users, the discussions highlighted the pivotal role consumers play in achieving sustainability through educated recycling practices. Showcasing innovative case studies, the session revealed how design and process improvements have significantly advanced recyclability, stressing the importance of early engagement with recycling partners to drive the circular economy forward.

The session also addressed a critical barrier to effective recycling: the gap between consumer awareness and action. Despite heightened environmental consciousness, there remains a disconnect that impairs recycling program efficacy and leads to material contamination, jeopardizing the pursuit of a circular economy. Bridging this gap is crucial for the transition to sustainable practices.

Traceability and sustainable inputs insights

With a growing consumer appetite and regulatory requirements around food safety and ultimately product backstory, the traceability session grappled with the trade-offs between transparency and cost. The discussion recognized traceability as a dual force, essential for compliance and as a strategic risk management tool. Data science was praised for its forward-looking insights, prompting a thoughtful examination of the benefits and practicality of outsourcing data management to enhance supply chain visibility and integrity.

The focus then shifted to the Food Safety Modernization Act (FSMA) Section 204, which emphasizes “traceability” not just for compliance but also for its sustainability and social responsibility benefits. FSMA 204 compels businesses dealing with high-risk foods to meticulously record each product’s lifecycle, from harvester to retailer. This directive enhances supply chain visibility, ensuring traceability that supports both regulatory compliance and sustainability goals.

Operational efficiency and AI integration insights

The session on operational efficiency and AI integration focused on AI’s transformative impact on supply chain operations. The consensus highlighted the indispensable role of clean, integrated data as the keystone for AI’s success. A lively debate ensued over AI adoption strategies, juxtaposing comprehensive overhauls with incremental approaches and considering the associated risks and benefits. The session culminated with the insight that marrying traditional expertise with new technologies requires a delicate balance, emphasizing the need for AI integration to align with an organization’s cultural and workforce dynamics.

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Summary

In the dynamic world of consumer products, the EY US supply chain resilience workshop at the annual CBA CPG Summit served as a pivotal gathering for reimagining the robustness of supply networks. Industry leaders united to champion the integration of circularity, traceability, sustainable and socially responsible inputs, operational efficiency and AI integration, recognizing these as the underpinnings of modern, resilient supply chains.

The workshop's breakout sessions illuminated the strategic role of data analytics, AI and human collaboration in navigating the complexities of today's market demands and sustainability challenges. The insights shared by our noted panelists provided actionable guidance for businesses looking to thrive during uncertainty.

As we reflect on these insights, the call to action for industry leaders is clear: to build supply chains that are not only resilient but also responsible and responsive to the needs of the future. We must embrace the transformative potential of AI, invest in data-driven decision-making and foster a culture of innovation and collaboration.

Key actions:

- Engaging early with recycling partners drives the circular economy forward and enables innovation.
- Bridging the consumer adaptation gap is crucial for the transition to sustainable practices.
- Outsourcing data management enhances supply chain visibility and integrity.
- Following FSMA 204 regulations can support regulatory compliance, social responsibility and sustainability goals.
- Focusing on integrated data is the keystone for AI's success.
- Aligning AI integration with an organization's cultural and workforce dynamics will help facilitate effective transformation.

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