Pricing Pressure, Profit Levers: How Smart Companies Are Reshaping the P&L

Explore actionable ways to rethink your pricing strategy, rewire your cost model, and build flexibility into your financial future.

LUNCH AND LEARN

Thursday, November 6, 2025 | 12pm ET

Thank you for attending!

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Today's Agenda

01

The Productivity Crisis

Why traditional approaches are reaching their limits

02

Traditional Playbook Review

What we've tried and why it's no longer enough

03

Eight Strategic Shifts

Proven frameworks for sustainable performance gains

04

Implementation Roadmap

Overcoming barriers and building lasting capability

Revisiting Productivity Pressure: Familiar Story, New Stakes

Historically, **downturns spark intense productivity pushes**—'do more with less' is nothing new. **But 2024–2025 brings a different challenge**: sustained inflation, labor shortages, interest rate pressure, and structural uncertainty from tariffs, geopolitics, and AI disruption create unprecedented complexity.

Many teams report exhaustion: **"We've already harvested the low-hanging fruit—now what?" Stakeholders demand cost reductions *without* quality or service erosion**, pushing organizations into uncharted territory.

> **The difference now isn't the urgency—it's the exhaustion of old playbooks.**

The Compounding Pressure on Operations

External Forces

- Inflation driving input cost volatility
- Tariff uncertainty reshaping sourcing
- Persistent labor shortages and wage pressure
- Regulatory complexity increasing
- Geopolitical instability disrupting flows

Internal Constraints

- Lean/Six Sigma **gains plateauing**
- Workforce experiencing **change fatigue**
- Systems **underutilized or poorly integrated**
- **Leadership demanding** double-digit improvements
- **Service expectations rising** despite cost pressure

The result: organizations are being asked to extract more performance from exhausted systems and people—a recipe for breakage if not addressed strategically.

The Hidden Cost: People Impact

> **"We've optimized everything we can see. Now we're optimizing our people out of engagement."**

Deep talent burnout and "change fatigue" are creating resistance to further optimization without visible benefit. Teams have weathered wave after wave of improvement initiatives, often without seeing meaningful improvements in their daily work. The result is skepticism, disengagement, and increasing turnover in critical operations roles.

Sustainable productivity **must address this reality head-on**—building systems that give time and clarity back to frontline teams rather than extracting more from already exhausted resources.

What We've Already Tried

The Traditional Productivity Playbook

Lean & Six Sigma

Targeted waste elimination and variation reduction—but increasingly hard to scale without fresh tools or integration with digital capabilities.

Outsourcing & Offshoring

Initially reduced cost structures significantly, but increased complexity, risk exposure, and coordination overhead over time.

Design-to-Value

Reformulated products for margin improvement, but limited in high-velocity CPG segments without harming customer experience.

Shared Services

Efficiency gains plateaued as coordination costs rose and responsiveness declined with centralization.

Digital Dashboards

Lacking integration or providing delayed analytics—reduced impact on real-time operational decisions.

Signals of a Broken Productivity Model

Is your organization showing these warning signs?

Do You Connect with 3 or more of these?

Daily firefighting dominates calendars

Frequent use of expedited freight or premium labor to cover for systemic failures rather than exceptions.

Metrics diverge dangerously

More safety stock but less service reliability. Inventory and performance moving in opposite directions.

Planning disconnected from execution

Demand planning and frontline execution operate in different realities with minimal feedback loops.

Systems exist but aren't trusted

Teams resort to manual workarounds, spreadsheets, and tribal knowledge despite significant technology investment.

Investment without measurable outcomes

Digital tools deployed but not translating to demonstrable operational or financial improvement.

Second-Order Impacts of Blunt Cost Cuts

1

Service Degradation

Missed deliveries and quality issues trigger unplanned costs in expediting and firefighting.

2

Quality Erosion

Defects and inconsistency damage brand equity and customer relationships.

3

Customer Churn

Lost accounts and reduced share of wallet outweigh initial savings.

4

Talent Exodus

Loss of institutional knowledge and capability that takes years to rebuild.

Sustainable productivity requires cuts to be surgical, not blunt—preserving the capabilities that create customer value while eliminating true waste.

A More Durable Definition of Productivity

What *Is* Sustainable Productivity?

Sustainable productivity isn't just cost-out—it's about **doing more of the right work** with fewer wasted inputs. This approach requires fundamentally rethinking how we measure and achieve operational excellence.

Balance Three Critical Dimensions

Cost efficiency, process capability, and customer experience must work in harmony—optimizing one at the expense of others creates unsustainable outcomes.

Embrace Systems Thinking

Upstream and downstream consequences must be considered. Every change ripples through the organization—anticipate and plan for these effects.

Focus on Capability-Led Change

Success comes from building organizational capabilities, not just deploying tools or enforcing policies from above.

Measure for the Long Term

Track results over 12–24 month horizons, not just quarterly deltas. True productivity gains require patience and persistence.

> **Sustainable productivity is durable, repeatable, and does not cut muscle.**

Leading Examples

What Top Performers Are Doing Differently

CPG Bottler

Cut last-mile delivery costs by optimizing service frequency **in coordination with sales**—held in-stock levels steady while reducing weekly touches.

National Retailer

Labor productivity up 12% via **forecast-based staffing tied to promotional cadence**—right people, right time, every shift.

Logistics Provider

Shifted from reactive to predictive maintenance using IoT and machine learning—uptime improved 18%, maintenance costs down 15%.

CPG Giant

Portfolio rationalization by SKU velocity and profitability simplified operations 20% without sales impact—complexity removed strategically.

Commonality: Not just smarter tools—smarter system design that aligns commercial strategy with operational execution.

Eight Strategic Shifts for Sustainable Productivity

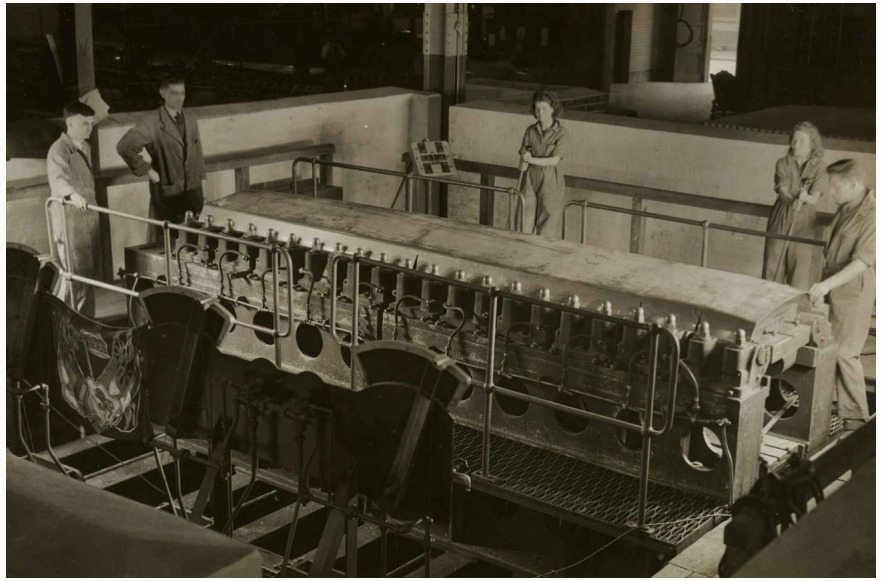
The following framework represents a fundamental rethinking of how supply chain organizations approach productivity improvement—moving from extraction to capability-building, from reactive to predictive, from siloed to systemic.

Shift #1: From Cost-Out to Capability-Driven Efficiency

Start with the foundational question: **"What capabilities do we need to compete and serve—at lowest sustainable cost?"**

Redefine 'efficiency' as **fit-for-purpose**, not just low headcount or cheapest input. This means investing in capabilities that scale**: flexible automation, planning talent, embedded analytics, and responsive infrastructure.**

Use cost-to-serve models to spotlight **inefficient complexity**—low-volume SKUs that consume disproportionate resources, high-touch accounts with minimal margin contribution, or service promises that don't align with customer value.



Shift #2: Forecasting-Led Productivity

Fix the Foundation

Forecast accuracy is a **multiplier** across the operation—smoother production, better staffing alignment, reduced waste and obsolescence.

Layer Signals

Use short-term statistical forecasting combined with sales signal overlays for better warehouse and labor alignment on weekly horizons.

Share Ownership

Co-own forecast accuracy with commercial teams through shared metrics and joint accountability for performance.

Reinvest Gains

Deploy forecast improvements into frontline tools—automated labor scheduling, optimized pick paths, dynamic routing.

Example: Bottler using promotional calendar as input for daily staffing saved labor hours while improving fill rate—a double win that compounds quarterly.

Shift #3: Physical and Digital Automation (With Realism)

Automation is not plug-and-play—success depends on **fit, flow, and follow-through**. Many automation initiatives fail not because the technology is inadequate, but because the surrounding processes, data quality, and change management are insufficient.

Keys to Automation Success

Design for Consistency

Dark warehouse failures often stem from upstream SKU complexity or erratic replenishment—fix the inputs first.

Favor Transitional Models

Semi-automation with decision support often delivers faster ROI than full lights-out approaches.

Include Workflow Automation

Complement physical automation with RPA, exception dashboards, and intelligent routing of decisions.

Track Realistic ROI

Measure not just labor saved, but error reduction, uptime gains, and throughput speed improvements.

Learn from failures: Warehouse robotics without change management often results in expensive shelf robots that sit idle while teams revert to manual processes.

Shift #4: : Practical AI Levers in Supply Chain

From Personal Productivity to Enterprise Insights: A Realistic AI Adoption Roadmap

01

Personal Productivity Boost

Use generative AI (e.g., prompt-based assistants) to free up planners and analysts: draft reports, summarise exceptions, generate what-if questions.

02

Shared Analytics for All

Democratise insights by embedding AI-powered dashboards that non-tech users can query ("What shipments are late and why?").

03

Task Prioritisation & Workflow Orchestration

Deploy AI agents to recommend actions (e.g., adjust labor shift, reroute late load) based on real-time data + business rules.

04

Exception-Driven Automation

Automate only the highest-volume, stable tasks (e.g., invoice matching, standard order processing), leaving complex judgment to humans.

05

Continuous Learning & Feedback Loop

Measure human vote on AI suggestions, learn from overrides, refine models—and embed productivity metrics (e.g., reduction in touches, hours saved).

06

Scale Across Network with Guardrails

Expand from one DC or region to multiple, but keep: model governance, role change management, data use policies.

"AI isn't about replacing workers—it's about augmenting their productivity and smarter decision-making."

Shift #5: Collaborative Demand Planning

Fragmented forecast ownership is a root cause of waste across the supply chain. When commercial and operations teams work from different numbers, the result is systematic over- or under-preparation.

1 Build Agile S&OE

Establish short-cycle cadences between commercial and supply teams—weekly or bi-weekly touchpoints.

2 Harmonize Signals

Invest in demand signal integration: POS data, shipment actuals, macro indicators, promotional calendars.

3 Create Feedback Loops

Use real-world service gaps as input for upstream forecast bias correction and accountability.

4 Shift the Narrative

Move from "who owns the number" to "who owns the response"—shared accountability for outcomes.

Example: Leading distributor tied forecast inaccuracy to salesperson bonus clawback—accuracy jumped as commercial teams gained skin in the game.

Shift #6: Sales & Service Productivity Alignment

The customer promise and the operating model must synchronize. Too often, sales makes commitments that operations can't profitably deliver, creating a cycle of heroics and hidden costs.

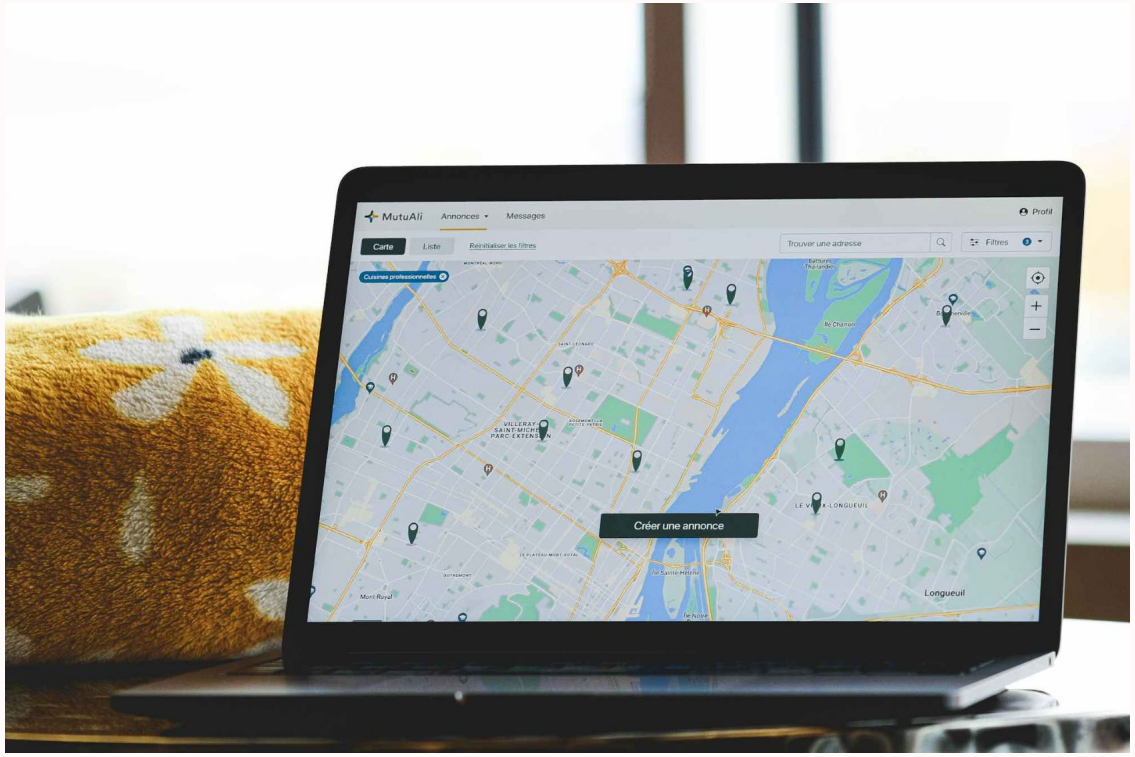
Eliminate Overservice Habits

- Daily delivery to low-turn accounts
- Excessive small drops that destroy route efficiency
- Free customization with disproportionate cost
- Rush orders as standard practice

Implement Service Tiering

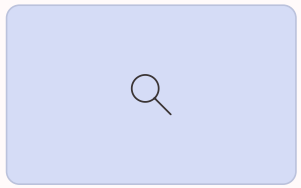
Create Gold, Silver, Bronze service levels tied to order size, margin contribution, and geography. Make the economics transparent.

Enable "**profitable service decisions**" in real time by equipping field reps with visibility to delivery cost per drop, contribution margin by account, and service tier implications.



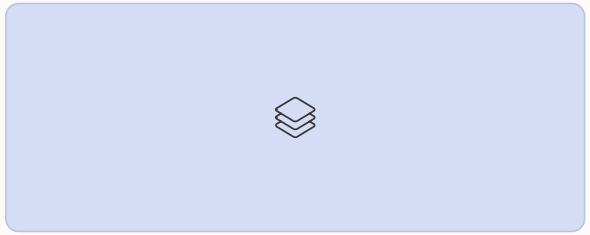
Result: Revenue retention *and* cost-out gains—a rare combination that builds rather than depletes competitive advantage.

Shift #7: Product & Portfolio Simplification



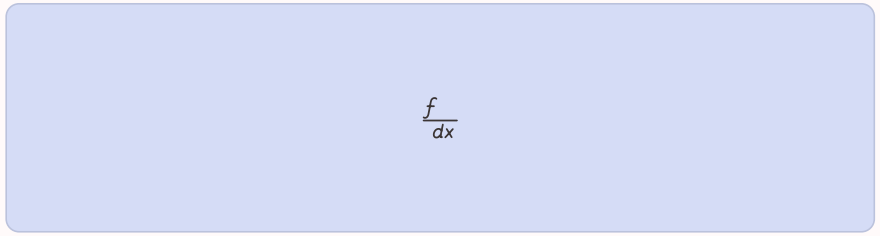
Identify Complexity Drivers

SKUs proliferate quietly through marketing initiatives, legacy products, and customer exceptions.



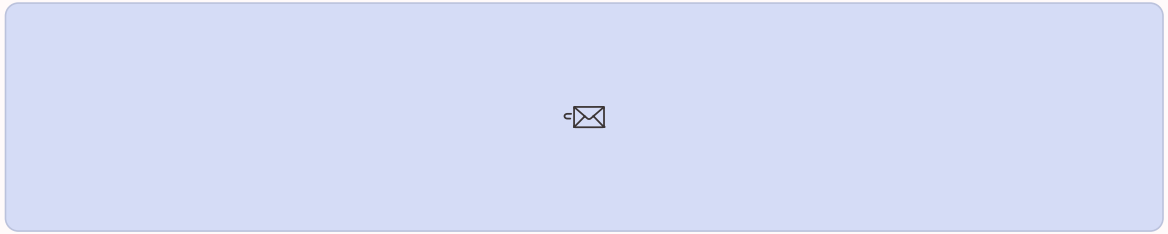
Simplify Beyond SKUs

Address label harmonization, case pack alignment, equipment standardization—the hidden complexity taxes.



Use Activity-Based Costing

Deploy ABC or AI-driven portfolio tools to surface true profitability including handling complexity.



Manage the Transition

Tie SKU rationalization to marketing refresh and proactive customer communications to minimize disruption.

Pilot Impact: A CPG company eliminated 150 SKUs and gained fill rate improvement plus fresher product at shelf—operational excellence that customers could feel.

Shift #8: Quality & Service as Cost Levers

Avoid the false tradeoff: "We can't afford quality if we cut cost." In reality, quality breakdowns create hidden costs that dwarf the investment in prevention.

The Cost of Poor Quality

Direct Costs

- Rework labor
- Material waste
- Returns processing
- Reshipment freight

Indirect Costs

- Expedited replacement orders
- Premium freight to recover
- Extra inventory buffers
- Customer service overhead

Strategic Costs

- Brand equity erosion
- Customer churn
- Reduced pricing power
- Team morale damage

Guidance for Teams Facing Exhaustion

Acknowledge fatigue openly—don't pile complexity onto exhausted teams. The path to sustainable productivity must begin with restoring energy and engagement, not extracting more output from depleted resources.

Create Structured Pauses (and Assess)

Run retrospectives, process audits, and "what's not working" workshops to surface pain points and build psychological safety.

Generate Quick Wins

Target productivity improvements that give time back—celebrate these loudly to build momentum and credibility.

Reframe the Narrative

Position improvement as **restoring pride and ease** in work, not squeezing more from less.

Introduce AI as Augmentation

Frame GenAI and automation as tools that eliminate drudgery, not replacements that threaten jobs.

Remember: Top-down cost cuts kill morale and create resistance. Bottom-up process changes build buy-in and sustain engagement over time.

Avoiding "Cut Muscle to Save Fat" Mistakes

Beware false positives from short-term cost reduction that erodes service.

Track KPIs over time — **lead time, churn, quality, backlog**, etc.

Don't skip **rework cost** and "value of agility" in ROI calculations.

Consider **path dependency**: some cuts make future pivots harder.

Ask: "If demand surges next month, will this still work?"

How to Make It Stick

Embedding Productivity Gains Without Erosion Over Time

- Build in **reinforcement loops**: training, rewards, dashboards.
- Shift from one-time kaizen to **ongoing performance dialogue**.
- Use simple **checklists** and "before vs. after" metrics to keep wins visible.
- Revisit changes quarterly: are behaviors sticking? Are new frictions arising?
- Celebrate wins that improve **capability + quality + morale** — not just savings.

ROI Realism: Prioritizing What to Automate

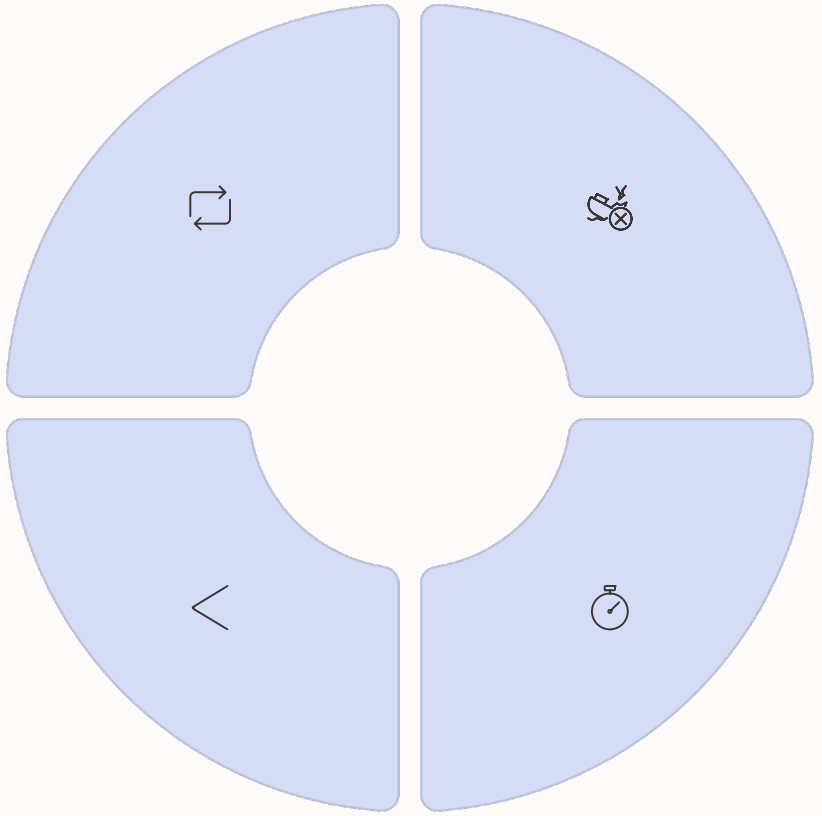
Not all automation delivers equal value. Build a disciplined framework for investment prioritization.

High-Volume Repeatable

Tasks performed hundreds of times daily with consistent inputs and outputs.

High Error Rate

Processes where human error creates significant downstream cost or risk.



Clear Downstream Value

Improvements that directly enable revenue, margin, or customer satisfaction gains.

Slow Cycle Time

Bottlenecks that constrain throughput or customer responsiveness.

Build Staged ROI Model

Progress through **Pilot** → **Partial Deploy** → **Full ROI** phases. Include cost to train, maintain, and scale in calculations. Avoid the sunk-cost fallacy: be willing to sunset automation that isn't delivering value after a fair trial period.

Investing in Capability: The Workforce Edge

Technology investment without human capability development leads to stalled adoption and unrealized ROI. The most sophisticated systems fail when the workforce can't leverage their potential.

Critical Upskilling Areas

- **Digital Tools:** Tableau, Python basics, GenAI prompt libraries, workflow automation
- **Change Leadership:** Stakeholder management, communication, resistance handling
- **Systems Thinking:** Understanding end-to-end impacts, unintended consequences, feedback loops
- **Data Literacy:** Interpreting analytics, questioning assumptions, translating insights to action

Implementation Model

Use a "**productivity bank**" approach: reinvest a portion of efficiency gains directly into training and capability development.

Align incentive systems to reward productivity improvements that preserve or enhance quality and service—not just cost reduction.

Organizations that build learning into their productivity model create compounding advantages—each improvement builds capability for the next wave of change.

How One Bottler Unlocked Distribution Efficiency

01

Redesigned Delivery Logic

Analyzed and removed overserving patterns, optimizing frequency based on actual demand signals rather than legacy schedules.

02

Cultural Transformation

Fostered close collaboration between sales and supply chain teams—breaking down silos that had persisted for years.

03

Enhanced Forecasting

Improved labor forecasting through better promotion inputs and sales signal alignment, creating predictable staffing patterns.

04

Operational Smoothing

Reduced overtime and idle hours while smoothing volume variability—creating more sustainable work patterns for frontline teams.

Labor Cost Reduction

Achieved through optimized scheduling and route efficiency

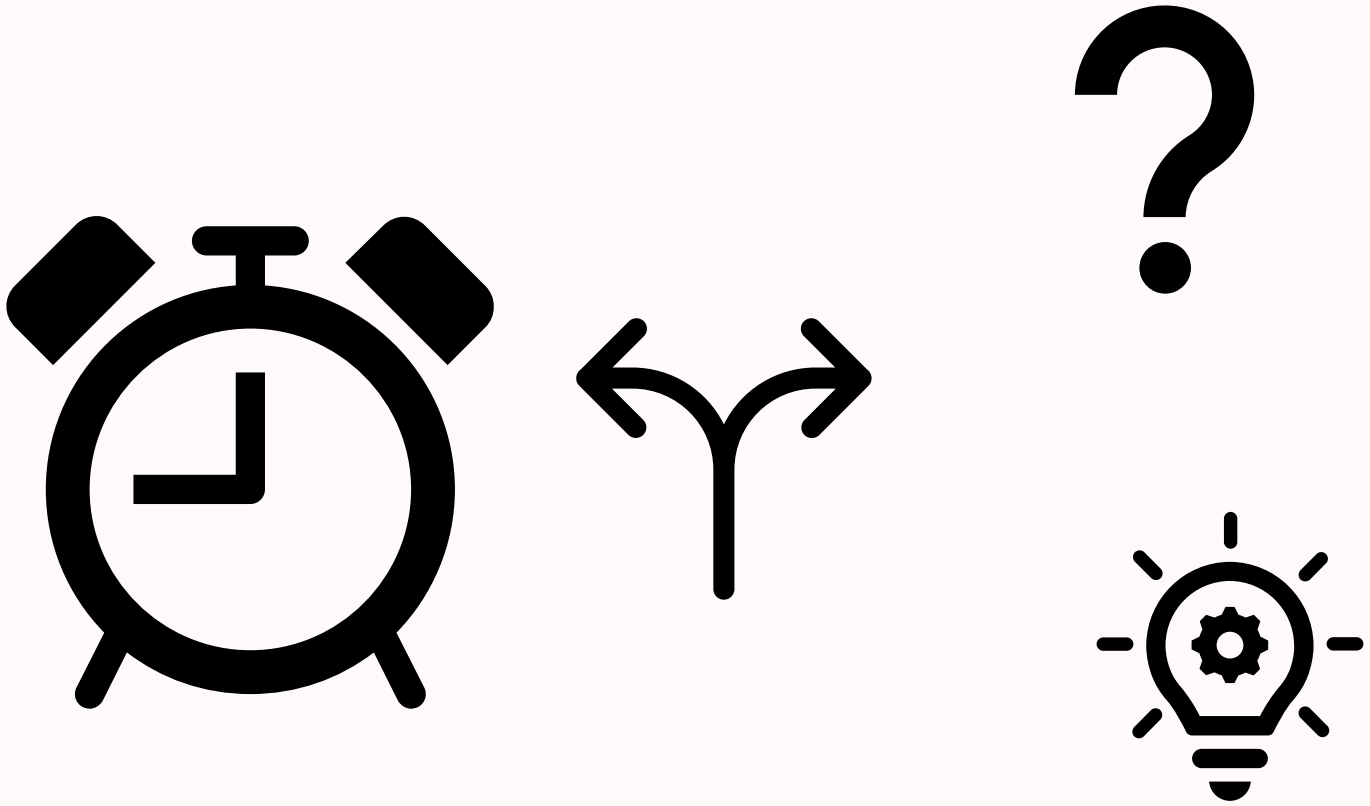
In-Stock Performance

Maintained high service levels throughout transformation

Sales Impact

Zero negative impact on revenue trajectory

Key success factor: human-system coordination, not just automation.



From: Cut to Save To: Align to Create

Shift from functional cost-cutting to cross-functional **constraint identification and removal**.

Use **Value Stream Mapping** to target root causes of friction and delay.

Revisit **assumptions about trade-offs**: Service vs. cost, quality vs. speed, etc.

Replace silver bullet searches with **capability stacking** (people, process, and tech).

Anchor everything to **strategic intent**: What do we need to be good at now?

Planning Discipline Is a Hidden Lever for Sustainable Output

- **Integrated Business Planning (IBP)** aligns strategy with execution across time horizons.
- **Network Optimization** identifies savings via fewer handoffs, shorter routes, and better load building.
- **Driver-Friendly Routing** improves OTIF and driver satisfaction (a cost most orgs overlook).

Alternative Levers Often Overlooked

Hidden Levers of Durable Productivity

Work Design

Redefining roles and workflows to reduce cognitive load and multitasking.

Internal Marketplaces

Redeploying talent and equipment across divisions like an internal gig economy.

Skills-Based Scheduling

Matching people to tasks based on skill, not just shift.

Supplier-Led Innovation

Invite key suppliers to co-develop cost or complexity reductions.

Behavioral Nudges

Using default settings, cues, and interface design to reduce errors or improve compliance.

Relearning to Hunt for Value

Leadership Evolution

Management Muscle Memory—Most Leaders Were Trained for a Different World

The Old Playbook

Pre-pandemic productivity focused on scale, speed, and offshore leverage—optimizing for efficiency in stable, predictable environments with abundant labor.

The New Requirements

Today demands resilience, signal agility, and capacity balance—thriving amid volatility while maintaining service quality and team wellbeing.

First Principles Thinking

Question every assumption. Why do we do it this way? What would we design if starting fresh today?

Cross-Functional Awareness

Understand how decisions ripple through the organization. Break down silo mentality and optimize for total system performance.

Cost-to-Serve Logic

Move beyond simple cost-per-unit metrics to understand true profitability drivers across customer segments and channels.

Value Chain Perspective

Think less "optimize my silo" and more "deliver value across the entire chain"—from supplier to end customer.

Ground-Up Ideation

The best ideas often come from where friction lives. Create channels for frontline insights to reach decision-makers.

Customer-Centric Productivity Wins

Co-Shape Solutions

Let customers help design productivity improvements through joint forecasts, delivery scheduling tools, and simplified order guides.

Segment Intelligently

Create service tiers based on needs and value, not just customer size—enable profitable service differentiation.

Build Value Locks

Structure improvements where productivity gains translate to shared wins—lower costs for customers, better margins for you.

Design Thinking for Modern Supply Chains

Design Thinking = Practical Transformation Playbook

A structured approach to uncover friction points, co-create solutions, and validate improvements—focused on the people behind the process.

Why Now?

Traditional efficiency models struggle amid today's volatility—labor strikes, fulfillment shifts, bankruptcies, and geopolitical risk.

5-Step Supply Chain Playbook:

01
Empathize
Understand pain points of planners, operators, and partners

02
Define
Map where friction lives—bottlenecks, misalignments, waste

03
Ideate
Brainstorm low-cost, tech-light ideas *before* jumping to software

04
Prototype
Build a dashboard mockup, communication map, or new SOP

05
Test
Pilot fast, adjust based on stakeholder feedback, and iterate

Proof in Action:

Kimberly-Clark
Redesigned yard management with this approach—
reducing dwell time & detention costs *without new tech*

General Mills
Improved decision speed and forecast alignment by co-creating planning tools

Beyond Tech Fixes
Starts with "What's the real problem—and for whom?" before choosing tools.
Reduces tech waste and boosts adoption.

Big Win
Improves cross-functional alignment, boosts agility, and enhances ROI on digital investments.

> **"Design Thinking makes invisible pain points visible—and solvable."**

A "One More Good Year" Framework

A Strategic Thought Exercise for Supply Chain Teams

Imagine this scenario: you have one final year to move the needle before structural changes lock in. Market conditions, competitive pressures, or organizational mandates will soon limit your options. What would you do differently?

The Critical Questions

- [ ] **Investment Priorities**
  Where would you invest scarce resources for maximum impact? Which capabilities would you build first?
- [ ] **Waste Elimination**
  What waste would you remove immediately? What low-value work would you stop doing altogether?
- [ ] **Fundamental Redesign**
  Which processes, systems, or roles would you redesign from scratch rather than incrementally improve?
- [ ] **People Development**
  Who would you retrain or reassign? What new skills would your team need to succeed in tomorrow's environment?
- [ ] **Legacy Report Card**
  What would your final report card show across cost, service, agility, and team readiness? What would you be proud of?

> A sustainable productivity mindset starts with this level of intentionality.

Don't wait for crisis to think clearly. Use this framework to cut through organizational inertia and focus on what truly matters.

The urgency is real—but so is the opportunity to build something that lasts.

Upcoming SCL Lunch and Learn Opportunities

“Can Your Supply Chain Trust AI?”

w/ Rosemarie Santa Gonalez

Thursday, Dec 4th | 12-1pm ET | Zoom Registration Link

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