

# THE SOURCING SNAG

## Three ways consumer businesses can fix it

Effective sourcing for a consumer goods company is essential. Whether your business is apparel, home goods or food production, when it works, products are manufactured optimally, timely and cost effectively. When it doesn't, business is disrupted, deliveries are missed, quality and brand reputation can suffer, and costs rise.

How to stay ahead of the dreaded sourcing snag? Consider the following ways businesses can improve their sourcing operations:

1

### Revisit and improve your contracts

**Have you examined your provider contracts with your sourcing partners lately?** You may have a long-standing relationship with them and on the surface things may seem acceptable. However, a variety of factors could affect contract conditions signed even just a year ago. Think about how much the world has changed in the last 12 months. Review terms and conditions, lead times, costs, reporting, data security measures, transparency and more. Establish an ongoing contract audit process to validate what's working and to identify and improve what isn't. Updating your agreements with suppliers and manufacturers improves your business overall.

2

### Consider sourcing alternatives

**How dependent is your business on providers in China?** Many businesses are weighing their reliance on China given a variety of concerns, from transport delays to geopolitical considerations. Perhaps it's an optimal time to identify new sourcing partners in other Asian countries, in South America or in different parts of the world—ones that can meet your current business needs. Challenge traditional sourcing go-tos and find new providers; maybe there's one even closer to home. More localized sourcing can provide greater control and speedier production, and may actually help you reduce costs.

3

### Become the source

**It sounds like a pipe dream, but maybe you can actually make your own pipe.** Some companies are doing that to address conventional sourcing challenges. Do you have the capital to invest in a factory? Is your business ready for this extended arm of the organization? There are a variety of considerations from costs to risks, of course, but some companies are making this work as part of their renewed sourcing strategy.

For more insights on how to address your sourcing challenges, please [contact us](#).

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