HFS

ENTERPRISE ASSET

Diagnostic Tool: HFS Supply Chain Rationalization Navigator

An executive decision environment for consumer goods supply chain leaders

Author:

Ashish Chaturvedi, Executive Research Leader

Who this is for

COOs (Head of GBS), chief supply chain officers, and the cross-functional leadership teams spanning commercial, trade marketing, finance, and operations. These teams are responsible for supply chain architecture decisions in consumer goods companies.

The problem this solves

Between 2020 and 2025, consumer goods companies added layers of supply chain infrastructure in response to successive disruptions. Each decision was individually rational. Collectively, they produced architectures that are more expensive, slow to adapt, and hard to govern. This supply chain rationalization navigator provides the structured decision environment to identify where complexity erodes value, determine what to rationalize, sequence the changes, and prevent relapse.

Part 1: Why this navigator exists

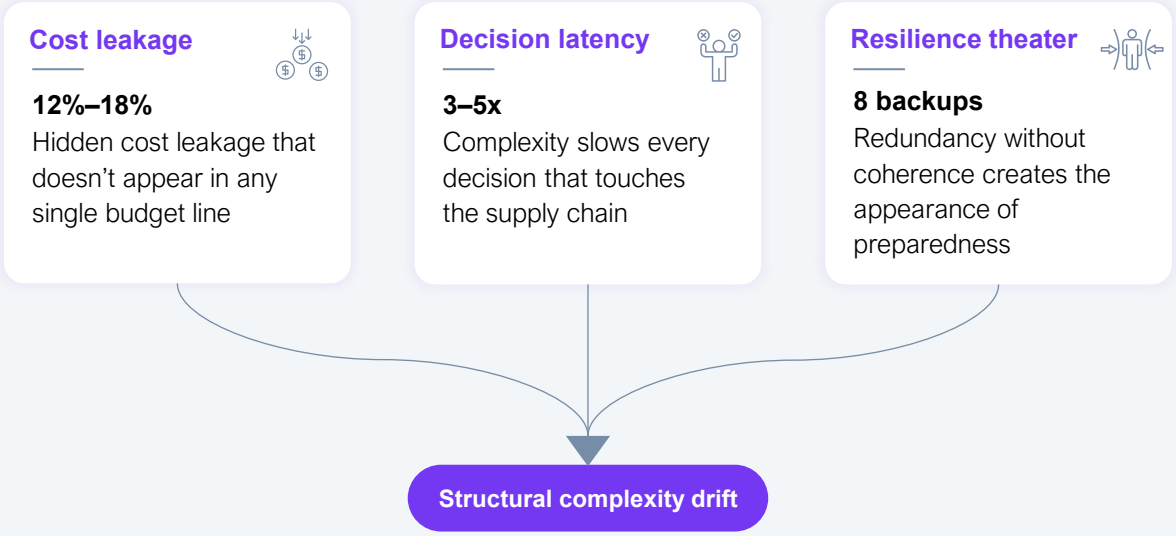
Supply chains in the consumer goods industry have become the most structurally complex operating domain in the enterprise. Between 2020 and 2025, consumer goods companies added layers of redundancy, including near-shoring, dual-sourcing, inventory buffers, and digital monitoring tools, in response to cascading disruptions from pandemic-era demand volatility, retailer inventory whiplaxsh, commodity price shocks, and shifting channel economics.

The irony is sharp. Consumer goods enterprises invested heavily in resilience and ended up with complexity. They have more data about their supply chains than at any point in history, from point-of-sale (POS) feeds and retailer portals to IoT-enabled logistics, yet less clarity about what to do with it.

HFS labels this "structural complexity drift," encompassing the gradual accumulation of redundant nodes, overlapping capabilities, and conflicting optimization targets. In consumer goods, this drift is compounded by stock-keeping unit (SKU) proliferation, promotional complexity, and the growing number of channels, from traditional retail and e-commerce to direct-to-consumer and quick commerce, each demanding distinct fulfillment architectures.

Cost leakage hides in the architecture itself. HFS estimates 12%–18% in hidden costs do not appear in any single budget line. In consumer goods, this often manifests as inflated cost-to-serve for long-tail SKUs, redundant warehousing for promotional inventory, and carrier fragmentation across e-commerce and retail fulfillment. Resilience theater creates the appearance of preparedness without underlying coherence: a consumer goods company with eight backup co-packers and five demand-sensing platforms is not resilient if it cannot activate the right response when a key retailer changes order patterns. Decision latency slows every choice that touches the supply chain.

Exhibit 1: Structural complexity creates three compounding effects

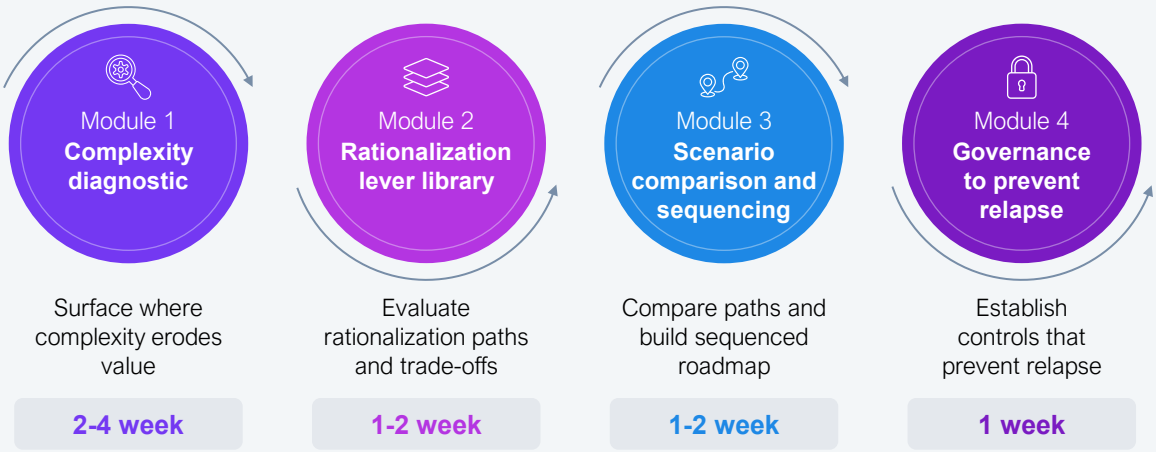


Source: HFS Research, 2026

What the navigator is (and is not)

The HFS Supply Chain Rationalization Navigator is an executive decision environment designed to help consumer goods leaders surface where complexity erodes value, evaluate rationalization paths, build a sequenced roadmap, and establish governance to prevent relapse.

Exhibit 2: The complete navigator journey is a four-module sequence



You can use each module independently or as part of the suggested sequence

Source: HFS Research, 2026

The navigator was designed around four principles derived from HFS's ongoing engagement with supply chain leaders across consumer goods companies, from global fast-moving consumer goods (FMCG) multinationals to mid-market branded goods companies navigating the same structural complexity at different scales.

Exhibit 3: The navigator environment runs on four design principles

Decision-first

Every element is oriented toward making a specific decision faster and with higher confidence

Cross-functional

The navigator is designed for the COO and CSCO with input from the CFO, CIO, and commercial leadership

Sequenced, not simultaneous

It explicitly sequences interventions based on organizational capacity

Governance embedded

Governance is a core module, not an afterthought

Source: HFS Research, 2026

Positioning matters. Consumer goods supply chain leaders have been pitched dozens of transformation frameworks and technology solutions. The navigator is none of those things. It is a decision environment: a diagnostic and planning tool that helps leadership teams make better rationalization decisions, not a system replacement or implementation methodology.

Exhibit 4: What the navigator is and what it's not

The navigator is	The navigator is not
✓ A decision environment that sits above enterprise systems	✗ An ERP implementation guide or technology selection tool
✓ A diagnostic that makes complexity visible and actionable	✗ A planning or forecasting engine
✓ A sequencing framework for rationalization	✗ A digital twin or simulation platform
✓ A governance architecture to prevent relapse	✗ A consulting methodology requiring external support

Source: HFS Research, 2026

Part 2: The four modules

Module 1: The complexity diagnostic

Overview

Purpose	• In this module, you'll surface where structural complexity is eroding value, resilience, and decision speed.
Input	• Your organization's supply chain architecture and operating data
Output	• When you complete this module, you'll have an evidence-informed, prioritized list of up to three complexity domains, which you'll use in Module 2
Primary users	• **Required roles:** Commercial and trade marketing leaders, as many complexity drivers originate from portfolio, promotional, and channel decisions • **Additional roles:** COO/CSCO, VP Supply Chain, VP Operations, with input from finance and IT
Time to complete	• Two to four weeks for initial diagnostic • Ongoing quarterly refresh recommended

Procedure

1. Answer the diagnostic questions for each domain.
2. Create a complexity heat map.
3. Score and prioritize the five complexity domains. These are the results of this module and the input for Module 2.

1.1 Answer the diagnostic questions for each domain

These questions are designed for cross-functional leadership teams in a structured workshop setting. They are deliberately provocative and are meant to surface uncomfortable truths, not confirm existing assumptions.

Supply chain complexity in consumer goods concentrates in five domains, each with distinct causes, symptoms, and cost profiles. The Product/SKU domain tends to be disproportionately overloaded in this industry due to the compounding effects of portfolio proliferation, promotional intensity, and retailer-driven assortment requirements.

Answer these diagnostic questions for each domain, using as much evidence as you can surface from your organization. Record your answers for each. You won't score them individually; rather, they surface evidence to inform the next step, the complexity heat map scores.

Exhibit 5: Domain diagnostic questions

Network

- If you closed your least-utilized facility tomorrow, what would be the impact?
- How quickly could you recover?
- How many distribution nodes exist because of a COVID-related 2020–2022 decision that has never been formally reviewed?
- What percentage of logistics spend is attributable to network architecture rather than volume?

Supplier base

- How many suppliers would you need to lose before operations were genuinely at risk?
- What is the true cost of managing tail suppliers including procurement overhead, quality management, compliance?
- For dual-sourced categories: when did you last activate the backup supplier at scale? Did it work?

Product and SKU

- If you eliminated the bottom 20% of SKUs by revenue contribution, how would your supply chain cost structure change?
- What would the impact be on shelf space negotiations with key retail accounts?
- How many new SKUs were introduced in 24 months without a corresponding retirement?
- How many were line extensions versus genuinely new product platforms?
- What was the promotional versus base velocity split?

Process and planning

- How many hours per week does planning spend reconciling data versus making decisions?
- If your S&OP process disappeared tomorrow, what decisions would actually stop being made?

Technology and data

- How many systems produce a version of "demand forecast"?
- Which one does leadership trust?
- If you built your supply chain tech stack from scratch, how much would you replicate?

Source: HFS Research, 2026

1.2 Create a complexity heat map

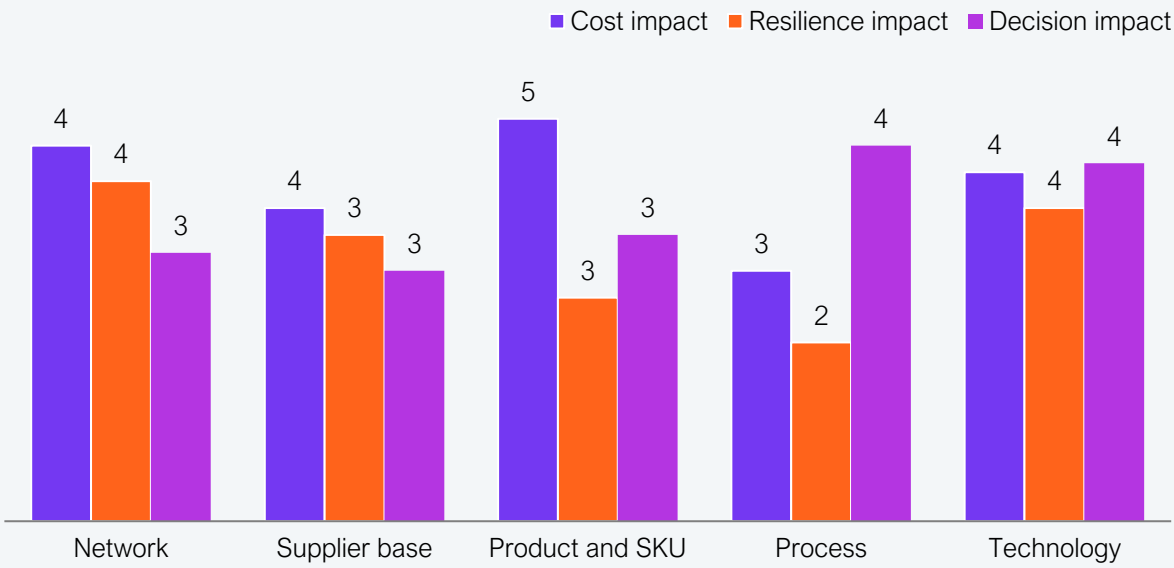
Further assess each element along three impact dimensions (cost, resilience, decision) to create a complexity heat map.

For each domain, score your current state on a 1–5 scale across three dimensions of impact, cost impact, resilience impact, and decision impact, and chart them as shown in Exhibit 6 so you can quickly see relative impact. The domains with the highest aggregate scores represent the greatest rationalization opportunity.

The example heatmap in Exhibit 6 shows what a completed scoring exercise would look like. Replace all values with your leadership team's actual assessments.

Exhibit 6: Sample heat map showing cost, resilience, and decision impact for each of the five complexity domains

Illustrative data—replace with your organization's assessment scores



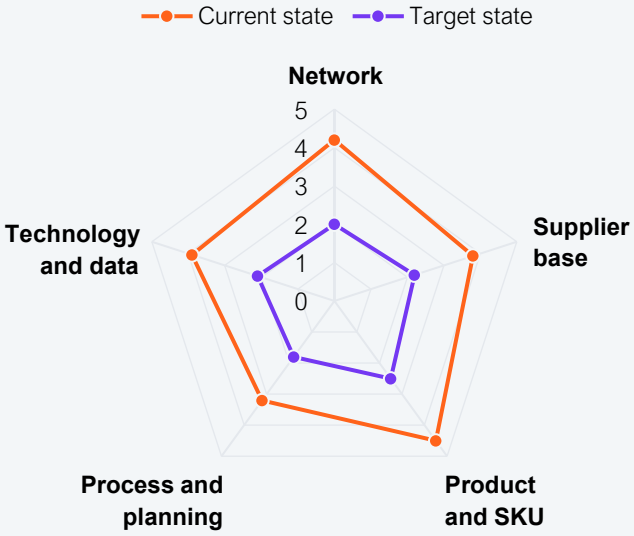
Source: HFS Research, 2026

1.3 Score and prioritize the five complexity domains

Using the heat map you created, the evidence from step 1, and your judgment and experience, give each domain an overall complexity score (0–5) and add it to the radar chart, as shown in Exhibit 7. This sample radar chart represents what a completed domain assessment would look like for a hypothetical mid-market consumer goods company.

Replace the orange line with your organization's actual scores. The relative complexity of each of these domains in their best-practice state is shown by the purple line on the chart; leave that in place when comparing the complexity ratings you create. The list of domains on the right includes best-practice targets for each domain. Select up to three domains you would like to focus on to reduce complexity to near the ideal state. These are the results of this module and the input for the next module.

Exhibit 7: Sample radar chart showing current state, target state, and best-practice targets for each complexity domain



Best-practice targets

Network	**8%–15%** logistics spend inefficiency
Supplier base	**5%–10%** procurement overhead
Product and SKU	**5%–15%** inventory carrying costs
Process and planning	**20+** hours/week data reconciliation
Technology and data	**30%+** IT budget on integration

Source: HFS Research, 2026

Module 2: The rationalization lever library

Overview

Purpose	• Evaluate available rationalization interventions for your priority domains so your leadership team can select a focused set of levers rather than guess at solutions.
Input	• Prioritized list of up to three complexity domains from Module 1
Output	• Several selected levers with estimated impact ranges and timelines, which you will sequence into a roadmap in Module 3
Primary users	• VP Supply Chain, VP Procurement, VP Operations, with input from Finance for cost modeling and Commercial for portfolio trade-offs
Time to complete	• 1 to 2 weeks

Procedure

1. Review the four intervention types and seven levers.
2. Evaluate the seven levers against your priority domains from Module 1 and map the trade-offs for each relevant lever.
3. Select your levers. This is the output of this step and the input to Module 3.

2.1 Review the four intervention types and seven levers

Reference Exhibit 8 to review the four intervention types (Eliminate, Consolidate, Standardize, Automate) and the levers associated with each. Each lever is coded to a complexity domain: N = Network, S = Supplier, P = Product/SKU, T = Process/Planning and Technology/Data. These codes are used in Exhibit 9, which maps levers along axes measuring time to value and cost reduction.

Consumer goods companies should pay particular attention to the Eliminate and Consolidate categories, as the industry's structural tendency toward SKU proliferation and supplier accumulation means the highest-ROI moves are often subtractive. For consumer goods, the SKU portfolio pruning lever carries the widest gap between knowing it is needed and executing it. Commercial teams resist retiring SKUs because of retailer shelf commitments, promotional calendars, and the sunk cost of trade spend. Regarding the Consolidate category, planning complexity is amplified by promotional forecasting, retailer-specific demand signals, and the gap between integrated business planning and sales and operations execution.

Exhibit 8: The rationalization lever library has seven levers across four intervention types

Eliminate

Remove complexity entirely. Exit suppliers, retire SKUs, close redundant facilities

S1: Tail spend elimination

- Exit suppliers providing <2% of category spend with no strategic differentiation
- Impact: 3%–8% procurement cost reduction
- Timeline: 3–6 months

P1: SKU portfolio pruning

- Retire products failing profitability thresholds when fully loaded with supply chain cost
- Impact: 5%–15% inventory carrying cost reduction, 10–20% forecast accuracy improvement
- Timeline: 6–12 months

Consolidate

Combine redundant elements into fewer, stronger components

N1: Facility Footprint Consolidation

- Consolidate facilities with overlapping service areas or utilization below 60% over 12 months
- Impact: 10%–25% logistics cost reduction
- Timeline: 18–36 months
- Trade-off: Reduced geographic redundancy, workforce disruption

T2: System Consolidation Roadmap

- Reduce systems producing supply chain data; eliminate duplicate sources of truth
- Impact: 20%–40% integration maintenance cost reduction
- Timeline: 18–36 months

Standardize

Reduce variation without reducing capability

S2: Strategic Supplier Tiering

- Restructure into explicit tiers with differentiated engagement
- Timeline: 6–18 months
- Benefits compound over 2–3 years

T1: Planning Cycle Compression

- Reduce cycles, eliminate reconciliation steps from system fragmentation
- Impact: 30%–50% cycle time reduction
- Timeline: 3–6 months

Automate

Remove human decision burden from recurring complexity

N2: Logistics simplification

- Eliminate redundant routing, reduce carrier fragmentation
- Impact: 5%–12% transportation reduction
- Timeline: 3–12 months

Impact and execution complexity increase as you move right

Source: HFS Research, 2026

2.2 Evaluate the seven levers against your priority domains from Module 1, and map the trade-offs for each relevant lever

Focus only on levers that address your priority domains; for example, a lever targeting a non-priority domain is a distraction, regardless of its potential impact. The bubble chart in Exhibit 9 provides starting points; adjust the bubble sizes and positions based on your organization's context and Module 1 diagnostic results.

The scatter plot maps each lever by its cost-reduction potential (vertical axis) and time to value (horizontal axis).

- Each bubble is coded by its complexity domain: N = Network, S = Supplier, P = Product/SKU, T = Process/Planning and Technology/Data.
- The number indicates the lever's sequence within that domain.
- Bubble size reflects relative implementation complexity.
- Color indicates the time-horizon zone, not the domain: green for quick wins (under 6 months), gray for medium-term (6–18 months), and purple for structural moves (18+ months).

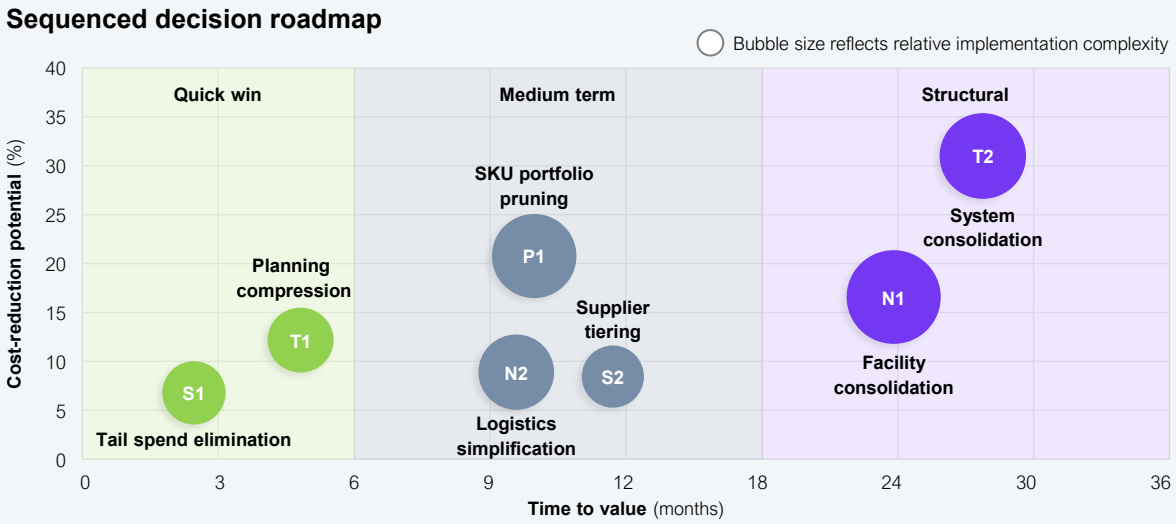
2.3 Select your levers

Select three to four levers for your initial roadmap, based on three criteria:

1. Alignment with the priority domains identified in Module 1 (a lever that addresses a non-priority domain is a distraction, regardless of its impact potential).
2. Time to value relative to organizational urgency (use Exhibit 9 to visually map the trade-off).
3. Whether you have the leadership capacity to sponsor execution simultaneously. Each lever needs an executive sponsor; if you select five levers and only have three sponsors, two will stall.

The output for Module 2 is the list of levers you select. Most organizations should select no more than three or four levers for the initial roadmap. In Module 3, you'll sequence these levers into a decision roadmap.

Exhibit 9: Lever cost-reduction impact vs. time to value



Source: HFS Research, 2026

Module 3: Scenario comparison and sequencing

Overview

Purpose	• Compare rationalization paths, understand cumulative impact, and build a decision-sequenced roadmap that respects organizational capacity.
Input	• Three to four selected levers with impact estimates and timelines from Module 2
Output	• A decision-sequenced roadmap with defined gates, owners, and checkpoint dates, which Module 4's governance architecture will protect
Primary users	• COO/CSCO and CFO jointly, with VP Supply Chain and VP Commercial • The CFO's presence is essential for investment trade-off decisions across scenarios
Time to complete	• 1 to 2 weeks

Procedure

1. Select a scenario archetype.
2. Review the four sequencing principles that govern roadmap design.
3. Build the decision-sequenced roadmap by mapping your selected levers onto the archetype's timeline.
4. Validate the roadmap against organizational capacity.

3.1 Select a scenario archetype

The three archetypes in Exhibit 10 represent fundamentally different strategic postures. Select the option that matches your timeline, cost-reduction ambition, and risk parameters. You will sequence the Module 2 levers you chose within this archetype.

- Surgical: 6 to 12 months, 5 to 10% cost reduction, low risk
- Accelerated: 12 to 24 months, 12 to 20%, moderate risk
- Structural: 24 to 36 months, 20 to 35%, high risk

Most consumer goods companies with high SKU counts and multi-channel complexity gravitate toward the Accelerated archetype, ambitious enough to deliver material P&L impact within two years but sequenced to avoid disrupting retailer service levels during the transition.

Exhibit 10: Three rationalization archetypes

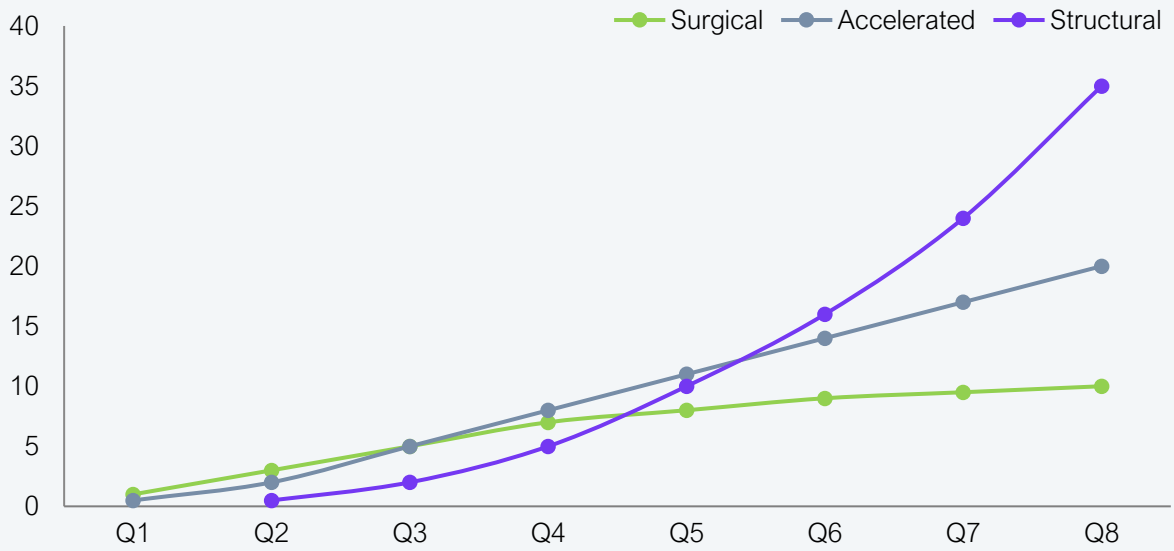
	Surgical Conservative	**Accelerated** Moderate	**Structural** Aggressive
Timeline	**6–12 months**	**12–24 months**	**24–36 months**
Cost reduction	**5%–10%**	**12%–20%**	**20%–35%**
Organizational risk	**Low**	**Moderate**	**High**
	The surgical path delivers early but plateaus.	The accelerated path balances timeline, cost reduction, and risk expectations.	The structural path requires patience but generates exponential returns as architectural changes take hold.

Source: HFS Research, 2026

Populate the curves in Exhibit 10 using your Module 1 diagnostic results and Module 2 lever impact estimates.

Use this trajectory to pressure-test your archetype selection. If the Accelerated path shows 15% cumulative reduction by Q6 but your CFO needs 10% within 12 months to sustain board support, validate whether your selected levers can deliver that pace. If not, either swap in a faster lever from Module 2 or reset expectations with the leadership team before building the roadmap. The trajectory also serves as the baseline against which quarterly governance reviews in Module 4 will measure actual progress.

Exhibit 11: Cumulative cost reduction by scenario



Sample trajectory; adjust curve shapes and values to match your business case

Source: HFS Research, 2026

3.2 Apply the four sequencing principles that govern roadmap design

Apply the four sequencing principles to validate your draft roadmap. Check each principle against your plan. Are all data-generating levers scheduled before the levers that depend on their output? Are quick wins running alongside structural work rather than substituting for it? Are you running more than three levers in parallel anywhere on the timeline? Is every checkpoint defined as a decision gate with the four required elements instead of a status milestone? Revise the roadmap until all four principles are satisfied.

Exhibit 12: Four sequencing principles govern the roadmap design

1 **Data generates before data consumes**	Fix data quality and visibility before making decisions that depend on it
2 **Quick wins alongside, not instead of**	Sequence quick wins alongside structural planning—never as a substitute
3 **Never more than three in parallel**	Leadership attention is the binding constraint, not project management capacity
4 **Decision checkpoints, not just milestones**	Points where leadership decides to proceed, adjust, or redirect

Source: HFS Research, 2026

3.3 Build the decision-sequenced roadmap

Build a decision-sequenced roadmap by mapping your selected levers onto the timeline of the archetype you chose. For each lever, define four specific decision gates:

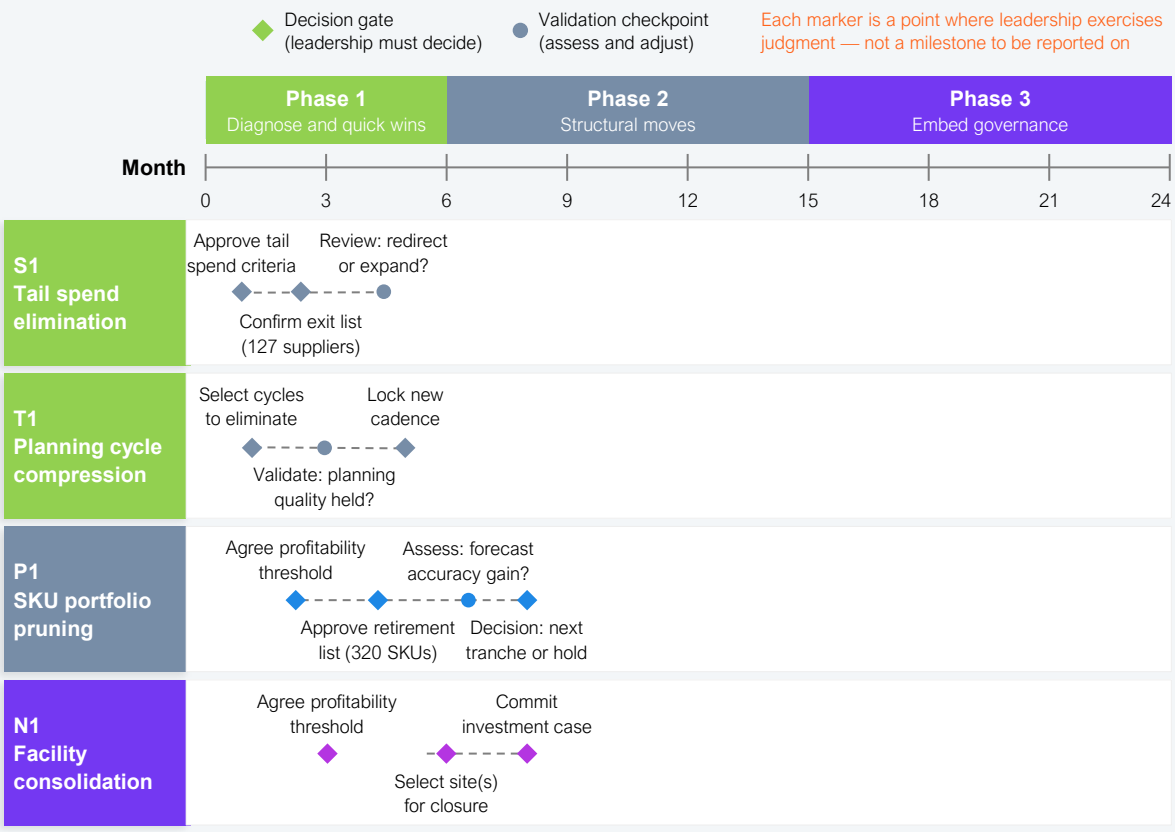
- The decision to be made
- The data required
- The decision-makers who must be present
- The possible outcomes (yes, no, or conditional)

Each gate is a point where leadership exercises judgment, not a milestone to report on.

A decision-sequenced roadmap is fundamentally different from a project plan. It does not track activities, workstreams, or resource allocations. It tracks the points at which leadership must exercise judgment and defines what must be true before each decision can be made.

The roadmap in Exhibit 13 uses illustrative data for the Accelerated archetype. When you build your roadmap, replace the levers, decision gates, and archetype with your choices.

Exhibit 13: Sample decision-sequenced roadmap for the Accelerated archetype



Source: HFS Research, 2026

Every decision gate on the roadmap requires four elements, shown in Exhibit 14. Without all four in place, postpone the gate. A decision meeting missing required data or decision-makers produces worse outcomes than delay.

Start by placing your selected levers on the timeline in the order dictated by the sequencing principles, including data-generating levers before data-consuming levers, and no more than three running in parallel. For each lever, define the decision gates by working backwards from the desired completion date. Identify the dependencies between levers explicitly.

For example, if SKU portfolio pruning (P1) needs to produce forecast accuracy improvements before facility consolidation (N1) can model the reduced footprint, the P1 validation gate must precede the N1 investment gate. Assign a named owner to each gate, not a team or function, but a single individual accountable for ensuring the required data and decision-makers are assembled.

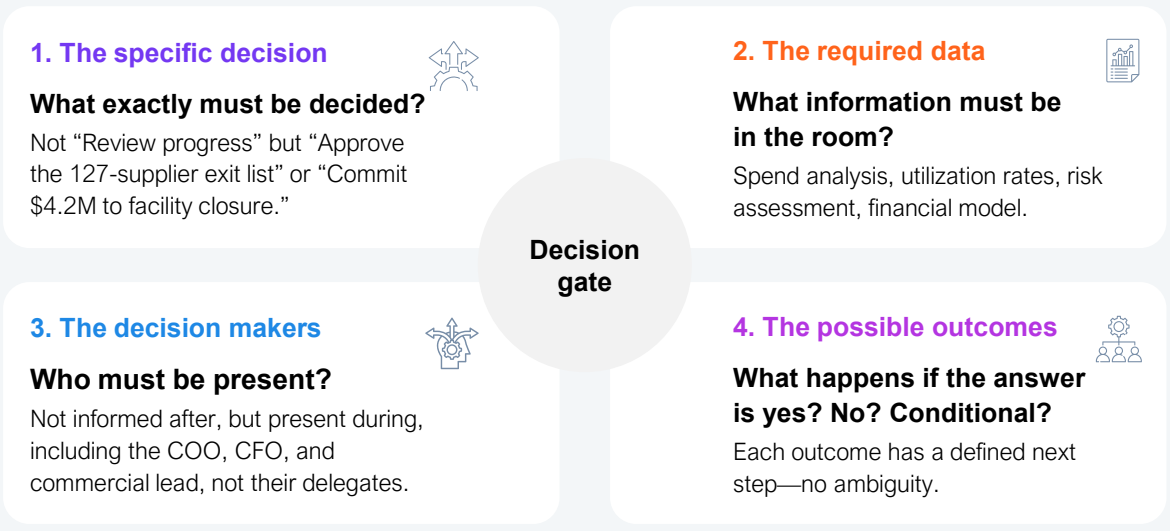
3.4 Validate the roadmap against organizational capacity

Confirm that no more than three decision gates are scheduled in any given month, that each gate has a named owner, and that the data dependencies between gates are explicit. If the roadmap requires more parallel execution than leadership bandwidth allows, reduce scope or extend the timeline.

The completed roadmap, with its decision gates, owners, and checkpoint dates, becomes the execution backbone that Module 4's governance architecture is designed to protect.

Exhibit 14: Anatomy of a decision gate

Every marker on the roadmap requires four elements before leadership can make a decision.



A Gantt chart asks, *"Is this activity on schedule?"*
A decision-sequenced roadmap asks, *"Is leadership ready to decide?"*

Source: HFS Research, 2026

Module 4: Governance to prevent relapse

Overview

Purpose	• Establish decision rights, review cadences, and escalation protocols that prevent rationalized complexity from growing back. Modules 1 through 3 are sufficient to begin the rationalization exercise. Module 4 ensures it stays on track. Without governance, rationalization is a project with a start and end date.
Input	• Decision-sequenced roadmap with defined levers, timelines, and decision gates from Module 3
Output	• An operating governance model with complexity budgets, review cadences, decision rights, and incentive alignment mechanisms
Primary users	• COO (as governance owner), CHRO (for incentive alignment), VP Supply Chain (as operational lead) • The CHRO's involvement is critical because governance without incentive alignment is policy without enforcement
Time to complete	• One week for initial design then ongoing as part of the business planning cycle

Procedure

1. Set complexity budgets and decision rights.
2. Establish the review cadence.
3. Align incentives.

4.1 Set complexity budgets and decision rights

Consumer goods companies that rationalize successfully but fail to embed governance see 60% to 80% of complexity return within 18 to 24 months. Each addition is individually small: a new co-packer for a retailer-exclusive SKU, a line extension launched without a corresponding retirement, a planning tool adopted by one region. Collectively, they reconstitute the complexity that was rationalized. The steps in this module create the mechanisms that prevent this relapse.

Governance begins with defining what "too much" looks like. For each priority domain, set a quantified ceiling: maximum number of active SKUs, maximum number of suppliers per category, maximum number of systems producing demand forecasts. They are hard limits that require executive approval to exceed.

Equally important is specifying decision rights. Who can add complexity to each domain? What approval threshold applies? Who is accountable for the domain's total complexity score? Without clear decision rights, complexity accumulates through distributed decisions that no single leader oversees.

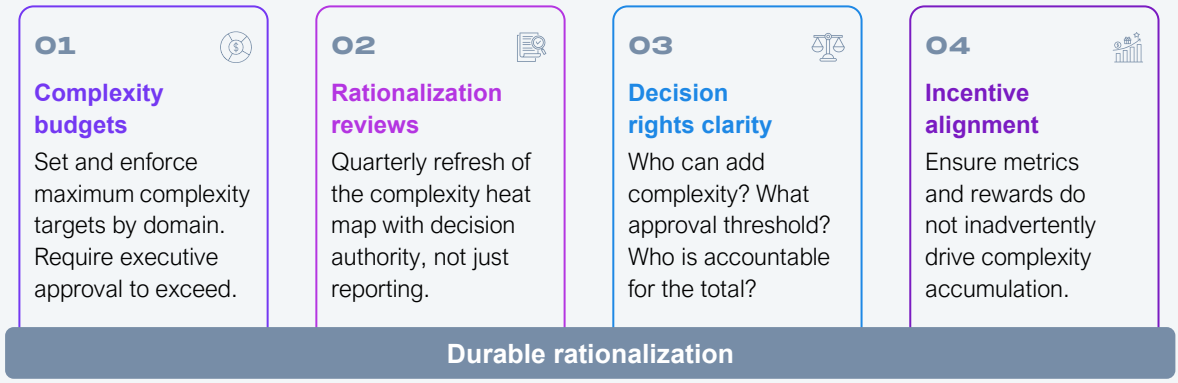
For each priority domain from Module 1, define a maximum complexity threshold (e.g., active SKU count, supplier count per category, number of planning systems). Specify who can approve additions that exceed the budget and who is accountable for the domain total.

Pillar 1 (Complexity budgets) sets maximum complexity targets by domain, with executive approval to exceed. Pillar 2 (Rationalization reviews) establishes quarterly reviews with decision authority, not just reporting. Pillar 3 (Decision rights clarity) specifies who can add complexity and who is accountable. Pillar 4 (Incentive alignment) ensures metrics and rewards do not drive complexity accumulation.

4.2 Establish the review cadence

Embed rationalization reviews into your existing business planning cycle: monthly operational reviews to track whether the roadmap's decision gates are being met, quarterly strategic reviews to assess whether complexity is trending toward or away from budget, and an annual governance refresh to recalibrate targets.

Exhibit 15: The governance architecture stands on four pillars



Without governance, 60%–80% of rationalized complexity returns within 18–24 months

Source: HFS Research, 2026

Governance without a defined operating cadence becomes discretionary, and discretionary governance is no governance at all. The model in Exhibit 16 establishes a rhythm that ties rationalization reviews to the existing business planning cycle rather than creating a parallel governance structure that competes for leadership time.

Monthly operational reviews track whether the roadmap's decision gates are being met on schedule and whether any gates need to be escalated. Quarterly strategic reviews assess whether domain complexity scores are trending toward or away from budget, and whether any budgets need recalibration. The annual governance refresh recalibrates all budgets, reviews domain targets, and assesses whether the governance model itself needs structural changes.

4.3 Align incentives

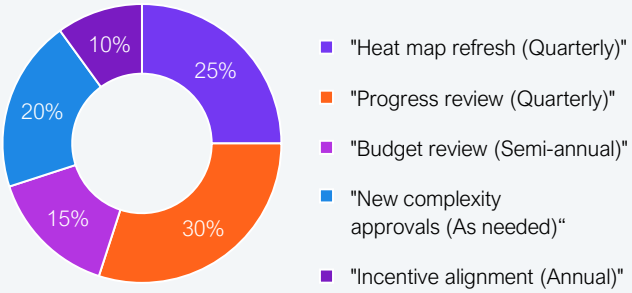
Work with the chief human resource officer (CHRO) to ensure performance metrics and rewards do not drive complexity accumulation. If commercial teams are measured on new product launches without accounting for supply chain cost-to-serve, the governance model will be undermined by the incentive structure.

The most common reason for governance models to fail in the consumer goods industry is the conflict with incentive structures. If commercial teams are rewarded for new product launches, trade spend activation, or shelf space expansion without accounting for the supply chain cost-to-serve of those additions, the governance model will be systematically undermined by the compensation model.

Review current performance scorecards for supply chain, commercial, and category management roles. Identify any metrics that reward volume or complexity additions without offsetting them against cost-to-serve. Collaborate with the CHRO to adjust incentive structures so that rationalization outcomes are measured and rewarded, not just rationalization activities. For example, a category manager's scorecard should include net SKU impact (launches minus retirements) rather than gross launches alone.

This is the step most organizations skip. It is also the step that determines whether the governance model survives its first test. The first three modules are sufficient to begin the rationalization exercise. Module 4 ensures it stays on track. Without governance, rationalization is a project. With governance, it becomes an operating discipline.

Exhibit 16: Governance cadence and role assignments



Governance owners

COO / CSCO
Overall governance owner; rationalization progress review

VP supply chain
Complexity heat map refresh; domain-level tracking

CFO
Complexity budget co-owner; investment case approval

CIO
Technology governance; system consolidation oversight

Commercial lead
Portfolio complexity; SKU governance; channel decisions

Source: HFS Research, 2026

Part 3: How to use this navigator

The navigator can be deployed in three ways depending on your organization's readiness, timeline, and available leadership bandwidth.

Most consumer goods companies in mature markets (North America, Western Europe) will find Modules 1 and 2 partially addressed through prior initiatives and can enter at Module 3. Companies in emerging markets or those that have not conducted a formal complexity assessment should begin at Module 1.

Approach 1

Executive workshop (2–3 days)

This is the fastest path to actionable output and works best when the leadership team can be co-located and the data inputs are already available.

- Day 1: The complexity diagnostic (Module 1)
- Day 2: Rationalization lever library and scenario comparison and sequencing (Modules 2–3)
- Day 3: Governance to prevent relapse and roadmap finalization (Module 4)

Approach 2

Phased deployment (6–8 weeks)

Sequential two-week modules with data gathering between each phase. Suitable for larger consumer goods companies with complex stakeholder landscapes spanning commercial, category management, trade marketing, and operations functions.

Approach 3

Single-module entry

Any module works standalone. The complexity diagnostic (Module 1) is the most common entry point. Governance to prevent relapse (Module 4) is valuable for organizations that have already rationalized and need to prevent relapse.

Part 4: The navigator in action

The following example follows a single company through all four modules to show how the navigator's outputs connect. **All data in this example is fictional.**

Greenfield Consumer Products: How one company cut $86 million in hidden supply chain costs

Background

Greenfield Consumer Products is a $2.4 billion consumer goods company with 12 brands spanning household cleaning, personal care, and home fragrance. Greenfield sells through mass retail, club, e-commerce, and a growing direct-to-consumer channel across North America. Between 2020 and 2024, Greenfield responded to successive disruptions by adding capacity at every level. By early 2025, it had more supply chain infrastructure than at any point in its history, and worse outcomes. On-time in-full (OTIF) had dropped from 94% to 88%. Gross margin compressed 220 basis points. The CFO summarized: "We spent $160 million building resilience and got complexity instead."

Module 1: The complexity diagnostic

Greenfield's COO convened a two-day workshop with the VP Supply Chain, CFO, CIO, VP Commercial, and Head of Trade Marketing. The team scored each complexity domain on the 1–5 heat map. Product/SKU and Network emerged as the two critically overloaded domains. A key insight: 38% of Greenfield's SKUs generated less than 2% of revenue but consumed a disproportionate share of planning time, warehouse space, and promotional spend.

Module 2: The rationalization lever library

With Product/SKU and Network identified as priorities, the team selected three levers: P1 (SKU Portfolio Pruning), N1 (Facility Consolidation), and N2 (Logistics Simplification). SKU pruning faced commercial resistance around retailer shelf commitments. The team agreed to phase it in two tranches, beginning with SKUs already off promotional calendars.

Module 3: Scenario comparison and sequencing

Greenfield chose the Accelerated archetype—ambitious enough for material P&L impact within two fiscal years, but sequenced to avoid disrupting retailer service levels. The CFO required measurable progress within 12 months to sustain board support. Each cell in the roadmap represented a decision gate with a named owner.

Module 4: Governance to prevent relapse

Greenfield had been through rationalization before. In 2018, they pruned 200 SKUs; by 2020, they had added back 340. This time, governance was non-negotiable. Complexity budgets were set by domain. The governance test came three months in: the VP Commercial requested a 25-SKU retailer-exclusive line for a major club account. Under the new governance, a complexity impact assessment was triggered. The line was approved but reduced to 15 SKUs, with 20 existing low-performers retired simultaneously. The system worked.

This example is illustrative, but the pattern is real. The navigator's value is in the structured sequence: diagnose before you intervene, select before you sequence, embed governance before you declare victory.

HFS Research author

Ashish Chaturvedi
Executive Research Leader

Ashish Chaturvedi is an Executive Research Leader for HFS Research. He leads coverage for supply chain operations, the retail and CPG industry, and business 'data' services. He is an accomplished IT industry analyst, regarded as a top retail expert globally, and is featured regularly in various IT media publications. Additionally, he is a member of multiple industry associations, including RetailWire BrainTrust and RETHINK Retail. With more than 16 years of technology research experience, Ashish has authored over 100 research reports covering retail technologies, enterprise modernization, the platform economy, future supply networks, data platforms, and digital-driven growth.

HFS

About HFS

- **INNOVATIVE**
- **INTREPID**
- **BOLD**

HFS Research is a leading global research and advisory firm helping Fortune 500 companies through IT and business transformation with bold insights and actionable strategies.

With an unmatched platform to reach, advise, and influence Global 2000 executives, we empower organizations to make decisive technology and service choices. Backed by fearless research and an impartial outside perspective, our insights give you the edge to stay ahead.


www.hfsresearch.com


hfsresearch


www.horsesforsources.com


www.horsesmouthpodcast.com