

Is it finally time to solve the supplier labeling dilemma?

White Paper

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How supplier labeling helps reduce inventory and move product faster through the warehouse

For decades, organizations have struggled to find the perfect solution for supplier labeling. While some larger corporations have succeeded using a model of forced compliance, this method is not feasible for everybody. It's also not the most cost-effective or efficient way of ensuring compliant supplier labeling. Label Cloud is the solution to this decades-old dilemma. It is the digital transformation of supplier labeling. It offers a low-cost way for organizations of all sizes to extend a standardized, compliant labeling process to their suppliers. **Find out how you can save millions by reducing inventory and moving products more quickly through the warehouse.**

Is it finally time to solve the supplier labeling dilemma?

Ten years ago, when we were working with some companies in the aerospace industry, we noticed the challenges they were having with supplier labeling. As in other highly regulated industries, the requirements for the parts that are used in aircrafts are stringent. Suppliers had to go through a rigorous vetting process, and very few suppliers were able to meet all of the technical criteria required to supply parts to the manufacturers. Once the suppliers were approved, they believed their work was done. So, when the manufacturers approached them with labeling requirements, the response they received was less than cooperative, to say the least. They had suppliers whose labeling methods made it difficult for the manufacturer to adhere to traceability requirements; and others who weren't labeling parts at all. The latter meant that the manufacturers had to label the goods on the receiving end, in the warehouse, a step that was both time-consuming and labor-intensive.

The story continues...

A decade later, the story hasn't changed. In our work with an international home goods manufacturer, we discovered a similar challenge. Processing time is a key KPI for all manufacturers. Goods need to move as quickly through the warehouse as possible, as you don't earn money if they're sitting gathering dust on warehouse shelves. This manufacturer analyzed their goods-in process and realized that it was taking a lot of time to process the goods received from suppliers in the warehouse. It sometimes took them an entire day to unload one truck. To put this in perspective, we work with manufacturers who are able to unload a full truck in 60 minutes.

If your suppliers aren't complying with your labeling standards, you no doubt face one or more of the following issues:

- Your warehouse staff need to identify inbound products themselves, which is an expensive, risky way of processing goods-in.
- In the event your warehouse staff doesn't identify a product correctly, you have inaccurate stock data which could mean missed production deadlines.
- You need to spend time relabeling inbound goods.
- All of this extra processing time means your stock turnaround times are longer. You need more staff to process goods-in, and more warehouse space to house the goods.
- The bottom line: an inefficient supply chain + increased labor costs + excess inventory and warehouse space = slower time-to-market and decreased competitive advantage.

So why did it take so long? They realized that the suppliers weren't labeling their products consistently. Some didn't label anything at all (sound familiar?) so their warehouse staff actually had to open the boxes to see what was inside. Now with home goods, this is a relatively easy process. But imagine if you were dealing with chemicals. You can't just open up the box to see what's inside. Clearly, this wasn't a sustainable situation. Not only was it an inefficient process, the manufacturer realized it was costing them millions of dollars.

A common approach that doesn't work

The manufacturer decided to issue a mandate to suppliers for how they needed to label and package the goods they sent to them. They produced a document, sent it to their suppliers and gave them a deadline. Nothing happened. And the few responses they received, were overwhelmingly negative. "We can't do that. That would require a significant IT investment. We would have to raise our prices." Issuing a mandate didn't solve their supplier labeling problem.

Why the problem hasn't been solved yet

Reason #1: Lack of power

Ten years on, same story. This begs the question: Why hasn't this been solved yet? The answer is lack of power. Almost every company has packaging and labeling requirements. Yet few have the necessary power over their suppliers to demand compliance. Additionally, effective supplier management is about good relationships, not about brute force. Which is why many manufacturers have chosen to print labels themselves, rather than engage in a power struggle with their suppliers. The home goods manufacturer we mentioned earlier decided to purchase the software and printers for their suppliers, and they still saved money. That gives you an indication of the money to be saved if supplier labeling can be done right. And by right we mean, consistent and standardized, so that goods come into the warehouse with the right labels and in the right packaging.

Reason #2: Change requires effort

Many suppliers may genuinely want to comply with their customer's labeling requirements. They just lack the necessary resources to do so. They might have weak or nonexistent IT infrastructures. Or they may feel that if they adopted the labeling standards of all of their customers, they would be drowning in label templates and software programs. Either way, compliance represents a burden or a huge cost to the supplier. One of our apparel and garment customers sent PDF files to their suppliers. The PDF contained label specifications in what was basically a CAD drawing. It took our customer the better part of two days to create the specification in CAD software, and their suppliers spent anywhere from one hour to several weeks to try to reproduce the label in their own environment according to the specifications. It's not for lack of trying. In many cases, compliance just isn't feasible.

What's the answer?

Let's go back to the supplier-manufacturer relationship. When a manufacturer issues a labeling mandate, they're primarily thinking, "How can I make life easier for me?" Successful supplier labeling happens when manufacturers think, "How can I make life easier for me and for my suppliers?" The answer is through technology. By using technology to bring you closer to your suppliers, you can actually improve the relationship and get compliant labels. That is the textbook definition of a win-win.

Solution: Use the Cloud

We believe that the key to consistent, standardized supplier labeling lies in the Cloud. You can argue that there has never been a use case as well suited for the Cloud as supplier labeling. Cloud makes it possible for you to store your label information centrally. You control the entire label management process, and you extend that label process to your suppliers over the Web. Consider how using the Cloud can make life easier for you and for your suppliers:

- You can guarantee the same label output regardless of the supplier's printer brand or technology. You get consistent, brand-compliant labeling, and your suppliers get to keep their existing IT infrastructure.
- You reduce your IT burden and security risks. With cloud-based supplier labeling, your IT staff doesn't have to spend time granting suppliers access to your internal labeling infrastructure. This saves time and IT resources, and it protects your systems and key data from unauthorized access.
- Suppliers always have access to the most updated version of the label template.
- Suppliers have zero IT burden. All they need is a username, a password and an Internet-enabled device. No IT support and no administration rights.
- Suppliers get up and running quickly. The Cloud offers instant deployment and a quick on-boarding process. From day one, your suppliers will experience that you're easy to do business with.



1.65M

Working capital savings
from reduced inventory



180K

Financial savings



215K

Labor savings

TOTAL

2.045M

The benefits of supplier labeling done right

“ The time to unload a truck was reduced by 44%. The turnover in the warehouse's dock area increased by 55%. Inventory is reduced and better controlled, stock information is more accurate, and the pallets' traceability is much better.”

Supply Chain Manager, Furniture Manufacturing Company

Benefit #1: Faster time-to-market and reduced inventory

Our home goods manufacturer implemented standardized supplier labeling, and the average time spent on unloading one truck went down by 44%. Their stock turnover increased by 55%, because they were now moving goods more quickly through the warehouse. The end result was a faster time-to-market and a more competitive, efficient business model. If you're a supply chain manager in this situation, measured on stock turnaround time, this is a dream scenario.

Benefit #2: Increased compliance

Under their old supplier labeling set-up, our home goods manufacturer had a compliance rate of 20%. While 100% compliance might be a long shot, imagine if you could get an 80 or 90% compliance rate. That would have a major impact on the efficiency of your goods-in process. By using technology to make compliance easy, you get consistent labels and improved supplier relationships.

Why it's finally time to solve supplier labeling

It used to be that if your supplier was bigger than you, you could forget about them complying with your labeling requirements. Our experience says that's changing. The manufacturing industry is fiercely competitive, and even the major suppliers are battling to keep their customers. Everyone is looking for ways to grow their business and gain the slightest advantage and complying with customers' labeling demands is one way suppliers can distinguish themselves. In other words, suppliers are more willing to go the extra mile, and follow the labeling process you provide.

There are external pressures as well. In the automotive industry, there is talk that the major manufacturers will begin auditing three tiers of suppliers. This is mostly due to quality assurance, but it illustrates the focus on supplier labeling in some industries. There's never been a better time to solve the supplier labeling dilemma.

Let's solve supplier labeling together

To help our customers successfully standardize supplier labeling, we offer Label Cloud. This is a full-scale label management system in the Cloud. It includes everything manufacturers need to build their centralized supplier labeling system: a built-in label designer, an application builder, a document management system for streamlined quality assurance, and built-in support for manual web printing and integrated label printing. As it is hosted in Microsoft's Azure Cloud, it also reduces the security concerns and IT effort of installing and securing access to your infrastructure. Furthermore, you get:

- Full transparency of your suppliers' entire label printing history.
- An easy-to-use web printing application which requires minimal set-up and training for your suppliers.
- Unique client-side (supplier-side) processing and printer management. Instead of generating print streams and previews from the central server, a method that can be slow due to time lag and network traffic, client-side processing generates print streams and print previews using the suppliers' local PC resources. It also supports all your suppliers' existing printers. **Client-side processing also has the advantage of being infinitely scalable due to the use of your supplier's local PC resources.**

Label Cloud is the fastest path to standardized supplier labeling. Let our team show you how it can improve your supplier labeling. [Get in touch](#)



Würth: A supplier labeling success story

“ From the purchasing point of view, our intention is always that the suppliers deliver the goods to us in a way that we can sell them – packed with our Würth boxes and signed with our labels. The easier we make it for them to print our labels, the greater the likelihood that they will use the system and ship goods to us in the right way. With NiceLabel, it’s one phone call, and half-an-hour later the supplier can print labels and deliver goods to us in the right way.”

Simon Koch, Project Lead/Manager, Würth IT

Find out how Würth standardized supplier labeling with NiceLabel. [Read the case study](#)

About NiceLabel

NiceLabel is a leading global developer of label design software and label management systems that help companies of all sizes improve the quality, speed and efficiency of their labeling, while reducing cost.

With the help of our label management systems, organizations are able to digitally transform their entire labeling process, from design to printing to label management. The result is a leaner, more agile operation that enables companies to respond more quickly to changing market conditions and requirements, get products to market faster and compete more effectively in the sectors where they do business.

Through its headquarters in the EU (Slovenia) and global offices in Germany, USA, Singapore and China, NiceLabel serves and supports its clients around the world with technology at the forefront of market demand.

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