# THE STATE OF SPECIFICATION MANAGEMENT

We surveyed hundreds of packaging and supply chain professionals to understand how specs are managed today and the impact on supply chains. The result is the first-ever report on the state of Specification Management, with benchmarks so you can see where you stand.

**spec**right™

**chain**alytics

**Specifications are the universal language of the supply chain and function as the binding contract between stakeholders. More importantly, specs make it possible for companies to consistently provide customers with the products they love.**

**But today, managing specs is difficult because products and supply chains are increasingly complex.**

Consumers are demanding more: more variety of products, availability through different channels, and they have to be sustainable, too.

This has resulted in an explosion of SKUs and an explosion of specification data along with it.

And in today's digital world, the impact of poor specification data management can no longer be ignored.

Speed, visibility and transparency – all of these supply chain goals can be achieved by creating a strong foundation of Specification Management.

At Specright, we pioneered a new category of software purpose-built to manage specs and have witnessed the positive impacts it has on people and companies. And Chainalytics, one of the leading supply chain consulting firms, has helped companies put these systems and processes into place quickly.

**But we wondered - beyond our own experience - how big of a problem was Specification Management for most people today?**

**So we teamed up to study exactly that. The resulting report provides not only relevant benchmarks, but also a wakeup call for the need to better manage specifications.**

# What we Learned About the Current State of Specification Management

**01** **Specs are spread across systems, but typically live in spreadsheets**

Most companies are managing specifications with Excel (64%), shared drives (60%) and email (43%).

It's also clear that specs aren't managed in a single source of truth, but rather spread out across systems.
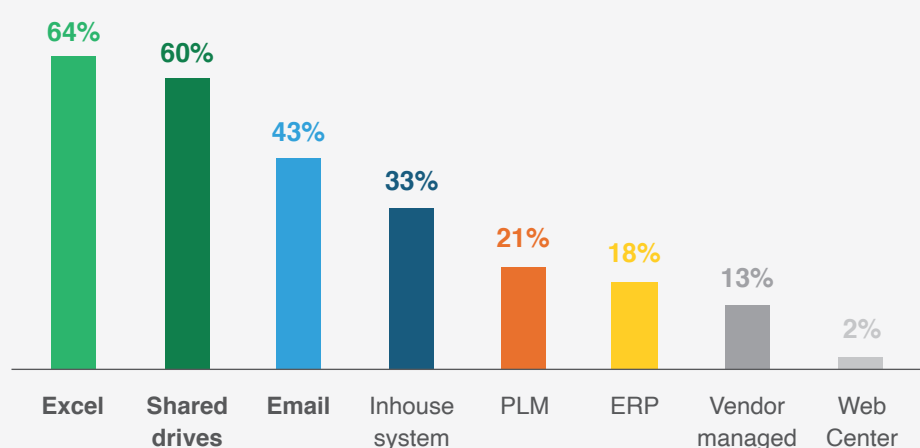
For example, PLMs or ERPs may hold some aspect of spec data but don't contain all the pertinent packaging data.

**This means the average supply chain professional spends their days bouncing between systems, searching for data, and making business decisions off incomplete, inaccurate, or stale information.**

**What tool(s) is your company using to manage specification data today?**

■ Responses

64% Excel
60% Shared drives
43% Email
33% Inhouse system
21% PLM
18% ERP
13% Vendor managed
2% Web Center

**The number of specs companies have to manage is in – and it's insane.**

43% of respondents reported managing between 1,000-10,000 specifications, and a whopping 25% reported managing more than 10,000 specifications.

The sheer number of specifications – coupled with outdated forms of management – are a recipe for disaster and can lead to a multitude of problems.

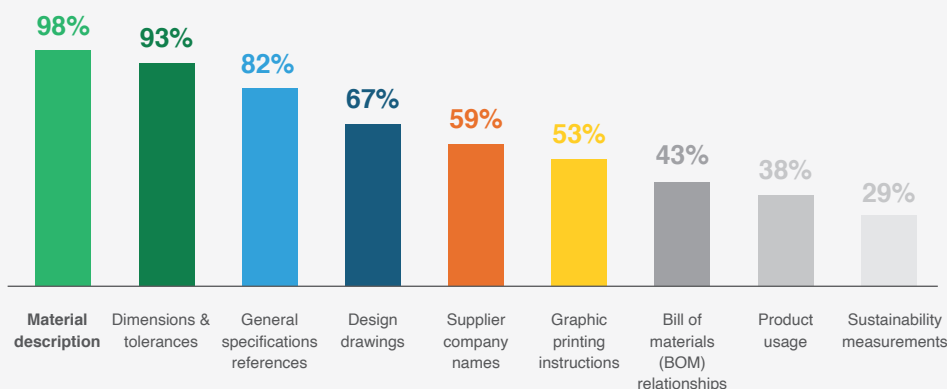## 02 The Meaning of Specs Has Evolved

**People are beginning to realize the enormous number of specifications needed to make products and run supply chains efficiently.**

In addition to managing standard specification data (97% of respondents manage basics like material descriptions, 92% include dimensions and tolerances), companies are now tracking sustainability metrics (29%), product usage (37%), and supplier information (58%) as a key part of managing specifications. As more of the supply chain becomes digitized,

new types of specification data are emerging. For newer data points, we'll be watching as standards develop, especially when it comes to sustainability metrics. At both Specright and Chainalytics, we've seen customers manage sustainability using a variety of different data points as, no two companies have the exact same goal or approach.

**What information do you document on your specifications?**

■ Responses

| Material description | Dimensions & tolerances | General specifications references | Design drawings | Supplier company names | Graphic printing instructions | Bill of materials (BOM) relationships | Product usage | Sustainability measurements |
|---|---|---|---|---|---|---|---|---|
| 98% | 93% | 82% | 67% | 59% | 53% | 43% | 38% | 29% |

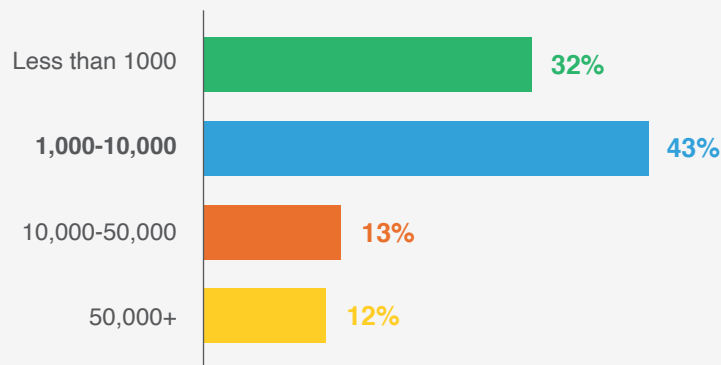## 03 The Number of Specs Has Exploded

# 68%

**of supply chain professionals manage more than 1,000 specs in their organization.**

At Specright, we often find that the number of specs or SKUs a company has is artificially inflated by duplicate or outdated specs.

**How many specs does your organization manage?**

Responses

| | |
|---|---|
| Less than 1000 | 32% |
| 1,000-10,000 | 43% |
| 10,000-50,000 | 13% |
| 50,000+ | 12% |

# Case Study: Pactiv Evergreen

**pactiv evergreen**

**Pactiv Evergreen (PTVE) is the world's largest manufacturer of Foodservice Disposables and Food Packaging, supplying packers, processors, supermarkets, restaurants, institutions and foodservice outlets across North America.**

The packaging team previously used Lotus Notes to manage over 30,000 customer packaging specifications. With Lotus Notes, the team was unable to search through existing specifications, experienced slow system load times, and had limited reporting capabilities.

As a company that prides itself on innovation, Pactiv Evergreen realized it needed a solution capable of supporting the company's future growth. After a decade of trying to find one that could integrate with SAP, Pactiv Evergreen found Specright.

The packaging team uses Specright to accelerate packaging development and control the rate of new SKU creation.

Before Specright, duplicate specifications resulted in duplicate work.

Now, when the team has a new customer request, they use Specright's Like Item Finder to proactively locate an existing solution or to quickly clone an item as a starting point. The team also uses Duplicate Item Alerts to reactively warn them of similar existing specifications when creating an item.

As a result, the time needed to create packaging specs has been drastically reduced and SKU proliferation has been halted. In addition to time savings, Pactiv Evergreen has also realized cost savings through volume discounts as a result of leveraging existing SKUs.
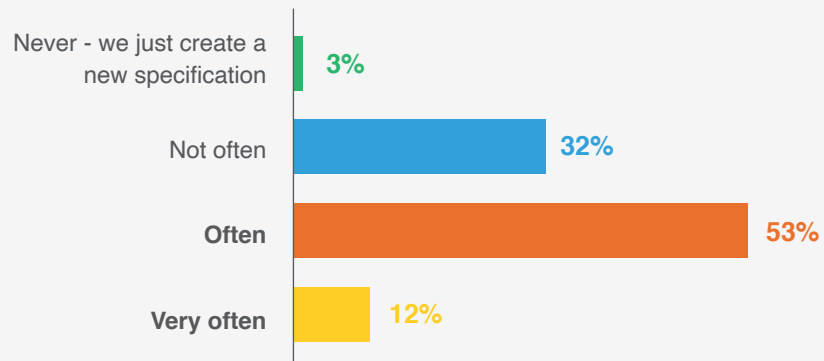
## 04 Specs Are Constantly Changing – and the Speed of Change is Increasing

The majority of people – 64% of respondents – said specifications require changes or revisions often or very often.

With thousands of changing specifications to keep track of, it's easy to see why version control is nearly impossible using outdated methods like Excel or shared drives.

**How often do your specifications require changes or revisions?**

■ Responses

| | |
|---|---|
| Never - we just create a new specification | 3% |
| Not often | 32% |
| **Often** | 53% |
| **Very often** | 12% |

## 05 Reliance on Email to Communicate Changes to Specifications

**Almost 90% of professionals reported using email to send updated specs to suppliers.**

If not communicated correctly, the impact of changing specifications across the supply chain can result in incorrect orders, delays – even product recalls.

And with thousands of specifications to manage, it's easy to see how spec changes fall through the cracks.

**How do you communicate spec changes across the organization and/or with your suppliers?**

■ Responses

| Email | Shared systems | Shared drives | Phone calls | Fax |
|---|---|---|---|---|
| 85% | 46% | 35% | 21% | |
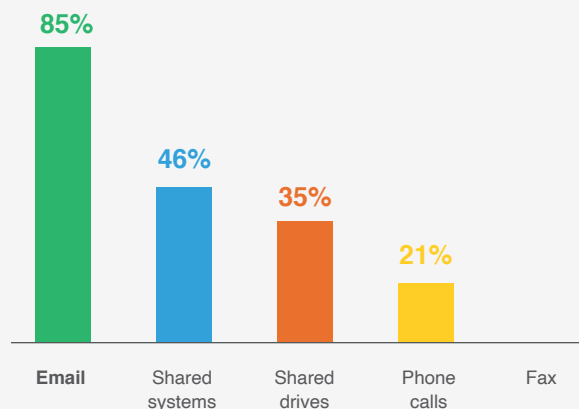
INDUSTRY VIEWPOINT:
**in addition to traditional brand owners, many suppliers are starting to implement Specification Management software to prevent customer disputes, increase their service offerings and improve customer experience. This doesn't come as a complete surprise to us, as Matthew Wright, Specright's founder, spent over 25 years as a packaging supplier to leading brands and built Specright to better serve the industry.**

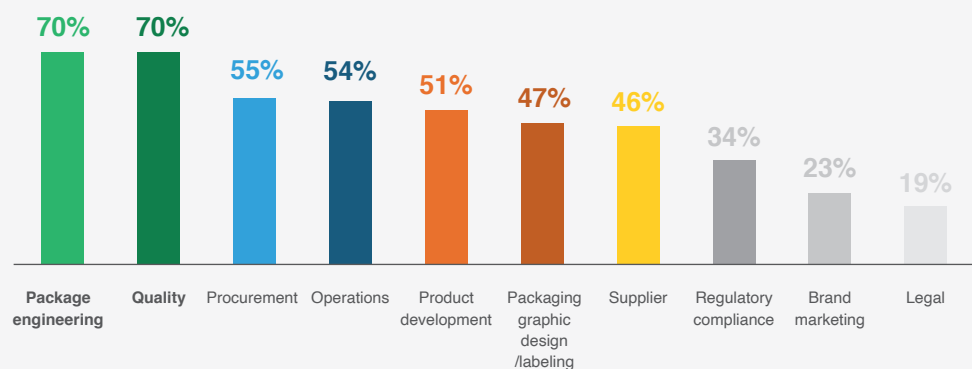## 06 Almost Every Department is Involved in Spec Management

**Specifications touch every part of the supply chain organization.**

While the involvement of departments like Packaging Engineering, Product Development, Design, and Procurement shouldn't come as a surprise, it was interesting to see that almost 20% of respondents reported having legal review specifications and 23% reported having brand marketing involved.

And what's more, these cross-department approvals are not a one-time activity – when a spec changes the process restarts. This can result in a game of telephone when it comes to spec status - creating friction within an organization or with suppliers.

**Which departments does a spec pass through?**

■ Responses



| | Package engineering | Quality | Procurement | Operations | Product development | Packaging graphic design /labeling | Supplier | Regulatory compliance | Brand marketing | Legal |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| % | 70% | 70% | 55% | 54% | 51% | 47% | 46% | 34% | 23% | 19% |

## 07 Poor Spec Management is a Productivity Killer

**As it turns out, more specs means more problems – especially when it comes to productivity.**

66% of people reported spending an average of 1-5 hours per week looking for specs – that's literally half of a workday. Furthermore, 12% of respondents reported spending more than 5 hours a week, which can add up to multiple days a week spent searching for correct information.

**That's anywhere from 2 to 11 days a year spent just looking for information – per person.** Added up across teams, companies are potentially wasting weeks of employee productivity on non-value added activities.

**On average, how many hours in a week do you spend locating the correct spec(s)?**

■ Responses



| | Responses |
| --- | --- |
| 0 hours | 18% |
| 1-5 hours | 65% |
| 5-10 hours | 12% |
| More than 10 hours | 3% |
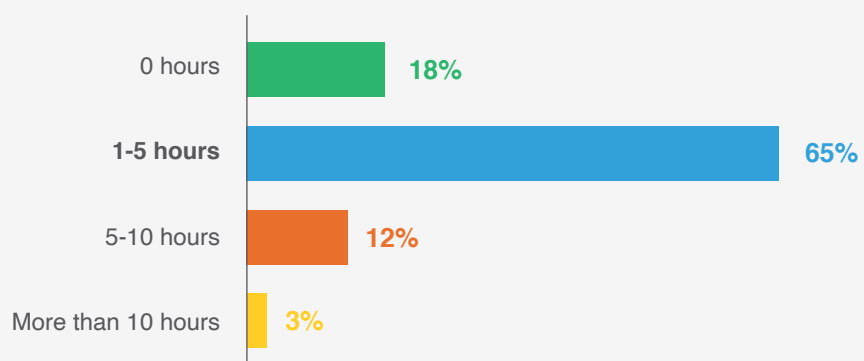
## 08 Specifications as Mission-Critical Data for Key Business Initiatives

It's clear that specifications are more than a necessity - they're a key business driver and enabler.

75% of respondents reported using specifications to drive quality compliance, 64% for cost savings initiatives, 51% for regulatory compliance, and 46% for RFPs.

Other notable uses were for sustainability tracking (38%) and performance testing (48%), which, given the rise of eCommerce, isn't too surprising.

As the adage goes, you can't improve what you don't measure – and it turns out specifications can be a tremendous driver and measuring stick for business initiatives.

**What initiatives do you utilize specification data for?**

■ Responses

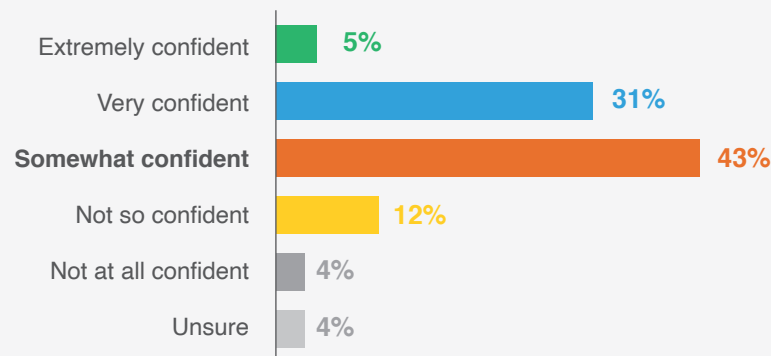| | 75% | 64% | 52% | 48% | 46% | 42% | 38% |
|---|---|---|---|---|---|---|---|
| | Quality compliance | Cost savings initiatives | Regulatory compliance | Performance testing | RFPs and bids | SKU rationalization | Sustainability tracking |
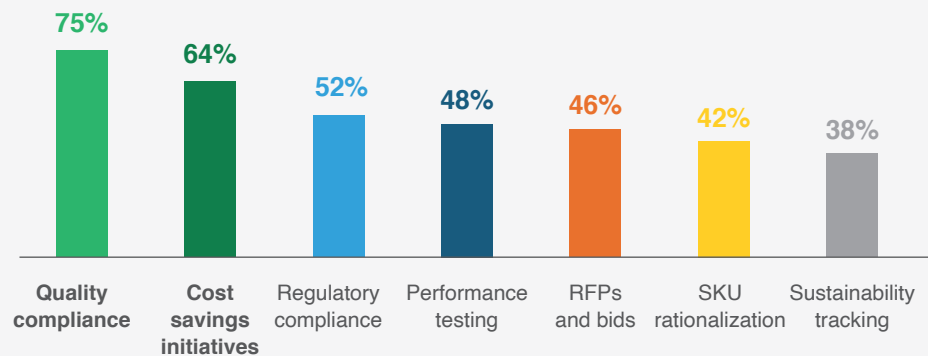
## 09 The Accuracy of Specs is Widely in Question

While 35% of respondents reported they were confident in the accuracy of their data, most are unsure if the data they're using to make products and packaging is correct. 43% of respondents said they were

"Somewhat Confident" in the accuracy of their data, 12% "Not So Confident" and 4% "Not Confident at All." Given that specifications are essential to creating products and packaging, this is both surprising and alarming.

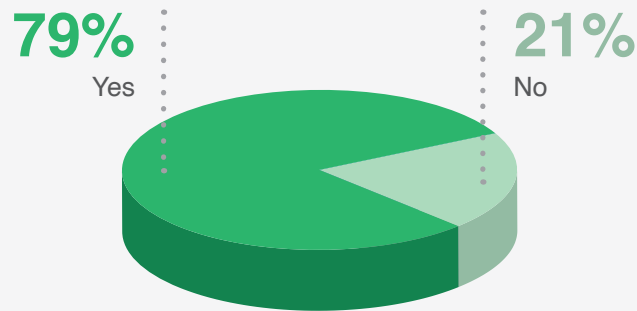**How confident are you in the accuracy of your current specifications?**

■ Responses

| | |
|---|---|
| Extremely confident | 5% |
| Very confident | 31% |
| Somewhat confident | 43% |
| Not so confident | 12% |
| Not at all confident | 4% |
| Unsure | 4% |

## 10   Is there a need to improve Spec Management? The answer is a resounding YES.

**Do you see a need for better specification management in your organization?**

**79%**
Yes

**21%**
No



**79% of respondents said they see a need for better specification management in their organization.**
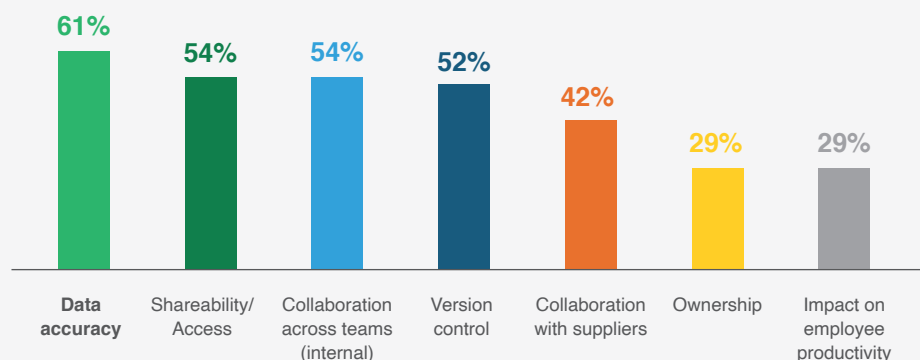
Supply chain professionals are at an inflection point when it comes to managing specs: the sheer amount of data, pace of change, number of people involved, and criticality of the data to businesses has many looking to adopt new technology to manage and simplify this complexity.

62% of respondents reported data accuracy as their biggest problem, followed by collaboration across teams (54%) and shareability (54%).

The good news is, these challenges are easily overcome by simply replacing Excel and email with Specification Management software.

**What is your company's biggest challenge related to specification management?**

■ Responses

| Challenge | % |
|---|---|
| Data accuracy | 61% |
| Shareability/Access | 54% |
| Collaboration across teams (internal) | 54% |
| Version control | 52% |
| Collaboration with suppliers | 42% |
| Ownership | 29% |
| Impact on employee productivity | 29% |

**CASE IN POINT:**
According to Gartner, one of the leading technology research firms, digitization is at the top of the list for supply chain professionals, and 70% of boards of directors accelerated their digital initiatives in wake of the COVID-19 pandemic.

**This is why leading companies like Colgate, Rodan + Fields, and Grimmway Farms are using Specright, the first cloud-based platform for Specification Management.**

# Transforming Your Business with Specification Management Software

It's never too late to start implementing Specification Management software like Specright at your organization – and the good news is, there's lots of opportunity for fast improvement – and lots of people who can help.

Deploying Specification Management software isn't an incremental step in managing your products and packaging. It's a fundamentally different way of doing business.

It's a new way of thinking about how you bring products to market and work across teams, suppliers, and partners. It's a digital thread through your supply chain that creates unparalleled visibility and traceability.

## What Professionals Like You Are Saying About Specright

*"Rationalization opportunities have been easy to spot and fix with Specright. We went from 77 different pallets in North America down to 19."*

**- Eric Slack, Packaging Technology Representative, Corteva Agriscience**

*"I can now ask for pictures and information on equipment from facilities I would never have been able to get before, because we now have this common bond through Specright. The team concept is no longer who is within the 4 walls of the plant, but who you are working with in your technical community around the world."*

**- Ken Petrie, Sr. Packaging Project Manager, Colgate Palmolive Pet Nutrition Division**

*"I no longer have to search for information and validate the source - I grab the information I need from Specright and move on with my project."*

**- Laura Berlanga, Product Innovation & Research Manager**

*"Now it takes me longer to draft an email to my co-manufacturers than it does to actually run the report and export the quality data to send them, the click of a button."*

**- Jennifer Blaser, Senior Quality Manager, Soylent**

**- Caroline Hauet, FP&R Regional Lead - Europe AED Colgate Palmolive Global Supply Chain**

**If you're ready to explore how you can take your Specification Management to the next level with Specright, we're here to help.**

With Specright's technology and Chainalytics expertise, we can work with you to centralize and digitize your data. Then, we'll work hand-in-hand with you to set up the workflows, reporting and analytics to drive your business goals forward.

**The result? You'll spend less time chasing data and more time making amazing things.**

## ABOUT MATTHEW

Matthew Wright is the Founder & CEO of Specright and has spent over 25 years in the packaging industry. Prior to founding Specright and pioneering Specification Management software, he held leadership positions at International Paper, Temple Inland, and rightPAQ — a packaging company he co-founded. He has also been involved in leading multiple M&A deals in the packaging industry. He sits on the Packaging Advisory Board at Cal-Poly San Luis Obispo.

## ABOUT NANCY

Nancy Matchey is the Vice President of the Packaging Optimization Competency at Chainalytics. As consultants, Nancy and her team specialize in delivering complex packaging engineering solutions and cost savings programs. Nancy has a packaging degree from UW Stout and a MBA from University of St. Thomas. She has spent 22 years of her career in various leadership roles along the packaging value chain. She also sits on Michigan State University's School of Packaging Advisory Board.

## ABOUT SPECRIGHT

Specright is the first purpose-built platform for Specification Management. Whether it's packaging, raw materials, formulas, products, or machines, Specright helps companies take control and collaborate across their supply chain network to reduce costs, increase profitability, and drive sustainability. For more information, visit: **www.specright.com.**

**spec**right

## ABOUT CHAINALYTICS

Chainalytics brings together the brightest minds in supply chain and packaging to deliver data-driven consulting services to companies around the globe. Their consultants maximize the value of supply chains through optimized packaging systems that reduce costs, improve sustainability, and ultimately increase customer satisfaction. With Specification Management partners like Specright, they combine best-of-breed solutions with actionable insights to help your business find its best outcomes. For more information, visit: **www.chainalytics.com.**

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