

BUSINESS PLAN 2015-2017

SUPPLIER NAME & [Your Company Name]

Updated: XX Jan 201X

Explanation of this document:

This is a common Business Plan between SUPPLIER NAME and [Your Company Name]. The time frame is 3 years (rolling). All information is updated annually, in March, when we together review past year's performance, add another year and re-settle our common 3-year business targets. Section 5 (Action Plan) is more short-term oriented and reviewed quarterly by both parties. This Business Plan is intended to be used as a mutual direction with set targets and prioritized actions to ensure world-class performance of our common supply chain. It is neither a contract nor commitment, rather a framework of our medium-term common way forward in a collaborative relationship.

1. SUPPLIER NAME COMPANY FACTS & GENERAL INFO

SUPPLIER NAME is a producer of flexible packaging materials (FPM) for food goods, pharmaceutical and medicine products etc. The company's sales turnover was in 2013 €85MM, whereof ca 50% are domestic sales. Exports are mainly to EU, Eastern Europe and Turkey. The current sales growth is around 20-25% annually. The number of employees is ca 1,100. [Your Company Name] started business with SUPPLIER NAME in 2001, and the supply today includes the following flexible packaging materials:

In 2014, SUPPLIER NAME's share of category spend in [Your Company Name] is 9%. [Your Company Name]'s share of SUPPLIER NAME sales turnover of printed flexible films/laminates are ca 9%. The average share of COMPANY NAME capacity utilized is currently 80%. Planned investments are about €22MM in 2015-2016, while the current capacity in sqm is as follows:

- Flexoprinting: 450 million m2/year
- Rotoprinting: 520 million m2/year
- Lamination: 370 million m2/year
- BOPP extrusion: XXX million m2/year
- Other...
- Other...

2. MUTUAL KEY ACCOUNT TEAMS IN RELATIONSHIP

The agreed major contact surface – “key account teams” – in our common business is:	
[Your Company Name]	SUPPLIER NAME
Name 1, Role, Email, Phone...	Name 1, Role, Email, Phone...
Name 2, Role, Email, Phone...	Name 2, Role, Email, Phone...
Name 3, Role, Email, Phone...	

3. INDUSTRY OVERVIEW & TRENDS

In 2013, FPM production in Europe amounts €11,000 million and FPM consumption amounts €10,300 million. For Western Europe these values were €9,800 million and €8,933 million respectively and for Eastern Europe – €1,200 million and €1,350 million, respectively. It was observed the minor increase of FPM consumption in Europe in 2011-2012. There are expected the constancy of FPM Western European market up to 2015 and decrease of FPM consumption growth in Central and Eastern Europe from 2-3% in 2015-2017. The largest market players are Amcor Flexibles, Constantia Packaging, Sealed Air Cryovac, Mondi Packaging, Huhtamaki, etc...

Expected **trends** of FPM market development are the following:

- *Decrease of packaging volume for expensive goods*
- *Increase of packaging volume for cheap goods*
- *Financial resources saving*
- *Replacement imported FPM by local producers' packaging materials*
- *Increase of FPM share in the total volume of packaging*
- *Decrease of FPM cost price and material capacity*
- *Rationalization of packaging design and construction*
- *Other...*

Key SUPPLIER NAME **advantages** are the following:

- *Unique innovation flexible packaging production complex under one roof*
- *The modern technologies such as 9-and 11-layer blown film co-extrusion; flexo- and rototyping up to 10 colors; inline lamination; triplex lamination in one stage, etc*
- *Providing of high-quality packaging production and defective goods minimization*
- *Continuous improvement in price due to cost reduction, lead times decrease, stocks minimization*
- *Other...*

4. COMPETITIVE ANALYSIS

What actions have the competitors done the past year that have changed the competitive landscape?

- *Globalization of FPM producers has been observed. The aims of these actions are reduction of management cost, production sites specialization, etc*
- *FPM cost reduction has been implemented by replacement metalized films instead of alu foil*

What have COMPANY NAME and [Your Company Name] done the last year to alter the landscape?

- *XYZ project started up. Technology of XYZ material manufactory has been mastered. Samples for tails have been produced and will undergo extensive industrial trails in 2015-16*
- *Production and testing of cost saving laminates*

What are we most afraid that the competitors will do the next few years?

- *Production of more effective FPM due to usage of more modern and expensive technology (for example, extrusion lamination etc.*
- *Production and use of new high barrier metalized films in laminated structures*

What are we together going to do the next year to leapfrog any of their moves?

- *XYZ project realization (2016)*
- *Cost saving materials using (met films instead of alu foil, thickness reduction of PE films, etc)*

In what area do we have the possibility to be no 1 or 2?

- *XYZ*
- *New high-barrier metalized films in laminates*

How will we strengthen our position?

- *Express exchange of information and products samples in FPM*
- *Regular meeting of key project persons, and realization of agreed actions (section 5)*

5. PERFORMANCE TRACKING & TARGETS (KPI's)

Performance area	2014 act.	2015	2016	2017	Comment
COST & VOLUME					
Turnover (USD million)	10	12	15	20	
Productivity (%)	n/a	3	4	3	10% in 3 years
[Our] % of capacity	9	12	16	20	Becoming Customer #1
Payment terms (days)	30	45	45	60	
QUALITY, SUSTAINABILITY & RISK					
Claims (% of value)	0.4	0.3	0.2	0.1	
Quality (%)	85	90	95	95	SAP data
Spec reduction					-x% in 3 years
Risk evaluation					Yearly Risk Assessment per product group
Waste reduction					Agree "sust." parameter
LOGISTIC & AVAILABILITY					
Commercial Service (%)	92.5	95	97	99	Annual Survey results
Service/Logistics (%)	85.8	90	95	99	Annual Survey results
ADDITIONAL SERVICES					
Trainings for [Our Company Name]		Production Basics	Production & Logistic Basics	Production & Logistic Professional	
Change Management					?
Common meetings with different departments		1) Planning & Replenishment at plant level 2) Visit to R&D	1) Mutual Finance alignment	1) R&D discussion of specification development strategy	Minimum twice/year business reviews by key account teams (March & Oct).

6. ACTION PLAN (Summary below only, detailed project plans will be required for some actions.)

Area	Action description	Benefit	Owner	Deadline	Comment
COST & VOLUME	Finalize Product X qualification to plant Beta Product Z qualification to plant Alfa ...	Cost -X% Cost, Less risk	MA	Sept'15	
QUALITY, SUSTAINABILITY & RISK	Claim max 0,1% by doing...? Replacement of PVC by other material (X)... ...	Claims<0.1% Prod. xx%			
LOGISTIC & AVAILABILITY	Quick Replenishment implemented to plant Gamma	Cost & LT			
ADDITIONAL SERVICES	COMPANY NAME R&D participation at trails Training for [Your Company Name] personnel... ...	Benefit			
OTHER	Benefit			

PLAN/STRATEGY APPROVED BY: [Your Company Name] Proc Dir
SUPPLIER NAME CEO/KAM

yes no
 yes no

Have both parties processed and recognized this document?

yes no