

Integrated Demand & Supply Chain Planning with APO – CPG

About the company

One of the largest Consumer Products Companies of Asia in various product categories including Foods, Personal Care, Stationary and Tobacco products.

Business Situation

- The client was diversifying into various product categories and rapidly expanding overall supply and manufacturing network.
- 140 Plants
- More than 1200 Products
- 1,500 Ship-to Customer Locations
- 250,000 Planning Combinations (Material-Ship-to-Location)
- Low shelf life products
- Very poor responsiveness to shift in demand
- Poor visibility of demand/supply balance
- Very high inventory obsolescence
- Numerous service issues, late deliveries
- Communication gaps among the business, finance, and supply chain

The solution

- Implemented APO Demand planning (DP) and Supply Network Planning (SNP)
- Built 18 months forward demand visibility and demand supply balancing process to effect capacity related decisions
- Established monthly cost-based optimization approach to supply planning vs. MRP
- Established daily distribution planning to improve supply chain responsiveness
- Utilize APO to enable a robust & effective monthly S&OP process
- Increase forecast accuracy to improve supply chain effectiveness
- Align production scheduling with monthly supply plan to reduce inventory levels and reduce order lead time

Business Benefits

- Significant improvement in Market responsiveness
- Optimized safety stock levels based on service level and profit objectives
- Improved supply planning accuracy due to integration with production scheduling
- Improved order fulfillment and customer service
- More accurate capacity plans developed based on real world constraints and variability
- Improved alignment of Sales, Marketing, Supply Chain and Finance

S&OP KPIs (after 8 months)

- Forecast Accuracy: 27% to 82%
- Customer service : 38% to 86%
- Inventory Days of Supply: 65 days to 38 days
- Production plan adherence: 66% to 93%