



The client is a large diversified food provider, which produces, distributes and markets various fresh and prepared foods and related allied products. The Fortune 500 client has over 100,000 team members with offices in 20 countries and is the recognized market leader in the retail and foodservice markets it serves.



Case Study: Global Food Provider Sales & Operations Planning

Business Challenge

The client, serving as a major supplier to its retail and foodservice channel customers, has a unique production and distribution situation with many supply chain challenges. As a vertically integrated processor, packer and distributor with over 130 production locations and 250 distribution and warehousing facilities, the company struggled in production, inventory management and coordinated distribution and shipment of its products to both domestic and international customers. With a recent acquisition, the food provider had to rationalize its distribution and transportation side of the supply chain to service its existing, common and newly acquired customers in all business segments with all product lines. The company had promised Wall Street significant post merger savings and was counting on a big portion of those savings coming from its newly created distribution network.

With inadequate demand planning, production planning and inventory control, the company's production facilities often failed to receive needed raw materials, and would scramble to meet customer orders because of unaligned planning.

In addition, supplemental shipments were often needed to get the materials to the right plant, which created labor and plant inefficiencies, and impacted margins. Due to the vertical integration challenges and the lack of planning, there were inventory shortages and surpluses that put significant pressure on pricing and cost.

The Solution

Hitachi Consulting worked in four key areas to address the client's business challenges.

Network Optimization

To develop an understanding of the company's operations, including relationships and constraints, the Hitachi Consulting team visited representative production and distribution facilities. The team then interviewed key executives to understand the company's strategic direction and facilitated brainstorming sessions for potential strategic scenarios. Next, data was gathered for a one-year modeling time horizon and a linear programming solution was utilized to optimize the client's current, and potential, network of plants, distribution centers and customers. The project evaluated over 50 scenarios.

C Case Study: Global Food Provider

Sales and Operations Planning

To address long term and medium term demand and supply planning issues, a Sales and Operations Planning (S&OP) process was launched. Hitachi Consulting developed a customized S&OP process for each individual business unit within one food segment and also an Enterprise Sales and Operations Planning (ES&OP) process to manage across all business units, demand and supply challenges. This enables the food provider to execute its established strategy for growth and margin, ensure everyone is working from one agreed set of numbers to minimize confusion and shortsighted decision making, and to minimize raw materials and product imbalances before they put pressure on margins or market share.

Manugistics Advanced Planning and Scheduling (APS) System Implementation

To facilitate the S&OP decisions and provide the client with improved decision making capabilities in both demand and supply planning, Hitachi Consulting implemented several modules of Manugistics Supply Chain Management Suite to enable collaborative demand planning, master planning and production planning.

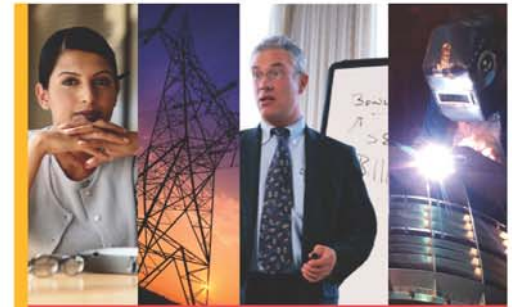
Along with technology implementation, Hitachi Consulting also implemented required process changes and provided appropriate training for lasting change.

Organizational Changes and Performance Measures

Hitachi Consulting also worked to make appropriate organizational changes to complement the new processes and approach. The new structure is designed, with appropriate performance measures, to remove organizational walls and motivate everyone to work toward the agreed plan established by the S&OP process.

Business Benefits

As a result of the client's heightened production and distribution capabilities, Hitachi Consulting identified several opportunities resulting in four to five percent reduction in the client's distribution network cost. In addition, the Planning Initiatives resulted in improving EBIT between two to three percent points. Finally, the newly standardized processes increased its efficiency and improved its agility in the market.



About Hitachi Consulting

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies across many industries. We leverage decades of business process, vertical industry, and leading-edge technology experience to understand each company's unique business needs. From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes nearly 30 percent of the Fortune 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge to our clients throughout each engagement. For more information, call 877-664-0010 or visit www.hitachiconsulting.com

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