

Integrated Demand & Supply Chain Planning with APO – Chemical

About the company

A large Co-Polymer Dispersion Technology, Serving adhesives, Nonwovens, coatings, and Pressure Sensitive Adhesives Company

Business Situation

- The client was in a very rapid phase of growth across products and geographies.
- Multi regional (NA, Europe, Asia)
- 6 Plants (4 NA, 1 Europe, 1 Asia)
- More than 300 Products
- 1,500 Ship-to Customer Locations
- 4,500 Planning Combinations (Material-Ship-to-Primary Source Plant)
- Planning processes loosely integrated
- Poor visibility of demand/supply balance
- Numerous service issues, late deliveries, renegotiated orders
- Communication gaps among the business, finance, and supply chain
- No linkage between volume forecasts and financial forecast

The solution

- Utilize APO to enable a robust & effective S&OP process
- Establish cost-based optimization approach to supply planning vs MRP
- Increase forecast accuracy to improve supply chain effectiveness
- Align production scheduling with monthly supply plan to reduce inventory levels and reduce order lead time
- Establish rules for order commitment process to improve order fulfillment and customer satisfaction
- Align demand plan with financial forecast to improve financial forecasting accuracy

Business Benefits

- Reduced instability in inventory levels due to improved forecast accuracy
- Improved supply planning accuracy due to integration with production scheduling
- Improved order fulfillment and customer service
- Improved raw material forecasting for suppliers
- More accurate capacity plans developed based on real world constraints and variability
- Optimized safety stock levels based on service level and profit objectives

S&OP KPIs (after 8 months)

- Forecast Accuracy: 55% to 87%
- Customer service : 48% to 97%
- Inventory Days of Supply: 36 days to 27 days
- Production plan adherence: 59% to 89%