

Supply Chain Implementation

Helping Consumer Products company improve their inventory turns, demand forecasting, and replenishment through a successful Consumer Driven Replenishment project



Lean



Six Sigma



Supply Chain



SAP



Change Mgt

•Market :

Consumer Products

•Client :

Turnover : \$1.76B

Customers : North America,
Europe

Employees : 12,000

CLIENT ISSUE

Scotts, the world leader in do-it-yourself lawn and garden consumer products including lawn fertilizers, weed, insect & disease control, grass seed, soils, mulches & decorative ground covers, plant food, and spreaders, carts & mowers wanted to significantly improve its supply chain to meet the changing landscape of its markets. They wanted to move from a push to a pull system to respond to the varying customer/consumer demand and the increasing pressure they are facing from the consolidation of their channels (80 percent of Scotts' US consumer business is now with five major customers – Home Depot, Wal-Mart, Kmart, Lowe's, and Costco). Scotts' sales are seasonal in nature and are susceptible to weather conditions. Scotts attempts to produce a good forecast based off shipments failed due to a large "bullwhip" effect created by constantly changing buying and inventory policies as well as lack of visibility on POS demand. Tools used to replenish stores did not have enough sophistication to manage a seasonal business. Lack of forward visibility on store level replenishment plan made Scotts react to orders not to a time-phased replenishment plan.

SOLUTION / APPROACH

- Defined several supply chain objectives including: Optimizing the Scotts Supply Chain to be world class internally and in collaboration with partners (customers and suppliers), increasing ROIC from 9.1% to 13.5% by 2006, and establishing a cost savings target of \$110 MM by 2006.
- Conducted an assessment of their current supply chain performance to understand the gap and the challenges they would face reaching their objectives: Performance Metrics indicate across the board inefficiencies (Inventory turns stagnating between 2 and 3, fill rates below 90%, forecast error above 40% at national level, in-stock service at stores below 90%), Supply Chain operates in a near 100% Push environment, decentralized purchasing has led to varying contract terms and conditions with multiple prices for the same commodity items for different business groups, high Distribution costs due to a complex network structure, high levels of product obsolescence and returns, minimal decision support technology with no integration to SAP infrastructure, & no global vision or strategy leading to separate business unit level processes with varying methods for customer interaction
- Helped define and launch a portfolio of implementation initiatives that would bring realization of their supply chain goals including (1) alignment of pricing and promotion decisions with over all supply chain goals (specially for category captains); (2) creating capability to generate outbound forward-looking plans by store to better plan truck loads, warehouse labor, multi-stop delivery routes, etc; (3) better Assortment Planning and merchandizing based on store's specific product information (flow, seasonality, etc.); (4) Supply Chain Strategy: consolidate customer-facing touch points; focus on the customer/consumer; centralize supply chain; streamline processes and technology; (5) Consumer Based Planning and Fulfillment – Pull vs. Push; (6) Procurement & eSourcing; (7) Network Optimization; (8) Distribution Outsourcing; (9) SAP Implementation.

CLIENT BENEFITS

- Global vision and strategy across all Scotts business units
- Progressing toward cost savings target of \$110 MM by 2006
- Capability to forecast down to the regional level with an accuracy rate of nearly 80 percent
- Initial results from the implementation are on track to hit the 5.5 turn target
- Project achieved full ROI and improved the investment capital base for the company's shareholders
- Adaptive supply chain is more flexible and responsive to shifting consumer demand patterns
- Significant decrease in product obsolescence and returns

OUR DIFFERENTIATORS

- Proven process, tools & methodologies
- World class change management to capture buy-in and lock in benefits
- Experienced team - bringing industry know-how, business knowledge, skills
- Executive Leadership coaching



Europe



North America



Asia/
Pacific

We used a number of different tools & methodologies

