



HOLSTEN
UK
BOTTLES
UP
STORAGE
COSTS

Beverage firm installs software, enters data and trains 20 sales representatives in eight weeks.

HOLSTEN UK, a division of Holsten Brauerei, AG, Hamburg, Germany, is one of Britain's leading independent drinks suppliers. Its most famous brand, Holsten Pils, is the country's third-largest selling premium packaged lager, with 10 percent on trade market share.

Although the parent company uses SAP, the UK division needed a forecasting and demand planning package that could return a quick ROI, as well as adapt to the needs of 20 field sales representatives without an inordinate amount of training.

Based primarily on its ease of use and ability to generate straightforward and reliable forecasts, the company installed Demand Solutions Forecast Management and Demand Solutions Requirements Planning in June 2002.

After loading the historical data into the system, "I was surprised just how quickly it all happened," says Holsten UK's Business Planning Manager Nicola Cushion. Within two weeks the system was populated, and the forecasting models and procedure had been created."

ONLY THE BEGINNING

After installation, Cushion single-handedly provided training on Demand Solutions Feedback to the company's 20 field sales representatives.

"I showed them how to manually enter changes into the system, and after only that one training session, the sales force was off and running," Cushion says. "The feedback I received about how simple it was to use was overwhelming, and the information that Demand Solutions provided made their jobs a lot easier."

Demand Solutions has been the sole method of volume forecasting at Holsten UK since September 2002, and according to Cushion, it has instilled much more discipline within the business. She also says the thought behind volume assumptions has increased greatly as the opportunity to challenge assumptions based upon historical data is available.

"The quality of information coming back from the sales force is such an improvement," Cushion says. "Demand Solutions allows us to make quality decisions and also gives Holsten a structure to plan its business in a more formal manner; it allows us to think about what we're doing with our business processes."

Cushion says Demand Solutions helps quantify decisions. "Now people can't say, 'That's the way we've always done it.' Now we have the history and the numbers and it's easier to challenge. Or you can use the numbers as a basis to challenge the forward forecast."

Both methods seem to have had an effect: Over a two-month period last year, the level of inventory increased as SKUs that formerly were out of stock frequently came back into inventory to leverage the pace of their sales.

"The next step," Cushion says, "was to manage production on a just-in-time basis. Over time that meant that we gained control of inventory and increased turns." Demand Solutions Requirements Planning module automatically calculates the required replenishment quantity from the forecast, current inventory and outstanding receipts data, together with lead times, batch sizes and safety stock levels. At the end of 2002 the firm had half the amount of stock in inventory as the previous year.

Since the implementation of Demand Solutions more than a year ago, there has not been an item out of stock, with a single exception: A salesperson did a deal for 50 truck loads when he did not forecast needing any.

In addition, Demand Solutions Requirements Planning can calculate the projected stock levels at future periods by item or in total. This data can be viewed in comparison to warehouse capacity in pallet spaces.

Cushion said that this functionality was particularly important as the company had amassed a bill of a significant amount for excess storage charges for 2001. By the time the numbers came in for 2002, Cushion says, that cost had disappeared entirely.

Cushion also said that during the early part of 2002 Holsten UK destroyed £240,000 (US \$385,500) of stock that had gone past an acceptable shelf life. In the final quarter of 2002, Cushion says, there was very little stock sold below full price due to expiration dates.

Going forward, Holsten UK intends to take a closer look at Demand Solutions Sales & Operations Planning software to ensure that the processes now established continue. "Demand Solutions has made it possible to have business planning rely on past history, Cushion says. "Our improved level of information means that we can resolve problems before they become insurmountable or affect the bottom line. Demand Solutions software has enabled us to improve our customer service levels and at the same time reduce our inventory. The quantifiable savings in terms of reduced warehouse space and stock write-offs, plus the very speedy implementation has provided a ROI beyond even our expectations. Having looked at several alternatives we were convinced that Demand Solutions was the right solution for us—and the results have proven it." DS