

onster Growth

Providing chilled, liquid energy for millions of lethargic consumers, Monster Energy drinks have stimulated revenues for its parent company Hansen Natural Corporation. Since the launch of the Monster Energy brand, Hansen Natural has grown spectacularly — revenue has almost doubled since 2006. A leading marketer of all-natural alternative beverages, Hansen Natural manufactures and distributes energy drinks, smoothies, juices, teas and sodas to grocery chains, wholesale clubs, distributors and foodservice operators.

The California-based company implemented Demand Solutions in 2005 to accommodate the rapid growth of its Monster Energy brand.

Because of the software's successful management of Monster Energy, Hansen Natural uses Demand Solutions to handle the supply and demand planning for all of its products. Since implementation, the supply chain management software has become an integral ingredient to the company's continued success by reducing inventory-related expenses, increasing sales and customer service levels, and enabling profitable decision-making.

Prior to Demand Solutions, Hansen Natural had no dedicated planning or production scheduling system and attempted to manage its supply chain through a series of spreadsheets. In this process, historical data was not incorporated into the estimate, and without tracking the necessary statistics, the company could not reliably forecast demand. As the Monster Energy brand gained market share, Hansen Natural needed to improve its supply chain management and demand forecasting in order to quench its customers' thirst. Tim Hayes, vice president of operations, had used Demand Solutions at

a previous company, James Hardie, and recommended Demand Solutions Forecast Management and Requirements Planning as the answer to Hansen Natural's demand forecasting and production and inventory planning problem. "I chose Demand Solutions over the other supply chain management software that we evaluated because it's a best-in-class solution at an incredible value," says Hayes. "Based on my previous use of Demand Solutions, I knew it could solve all of our challenges including dynamic growth, international market introductions, product line extensions and meticulous production schedules."

Stimulating a New Production Matrix

To cut inventory-related expenses, the company's planners worked closely with Demand Solutions local

representatives to create a localized production matrix. In order to create the new production schedule, the company segmented its customer base by geographic region and associated each region to the closest plant. Utilizing the new streamlined production matrix, the regional plants receive their production requirements based on their regional customers' demand. "We have reduced our carrying costs by scheduling production based on what we need,

not what we *think* we need," says Hayes.

The new production schedules and forecasts have not only increased Hansen Natural's efficiency, but also cut freight costs.

According to Gina Gutierrez, manager of demand planning, "We were making product on the West Coast (U.S.) and shipping it to the East Coast and everywhere in between. Demand Solutions Requirements Planning has tightened the entire process and dramatically reduced our overall inventory expenses."

Alert to Seasonality

Hansen Natural also increased sales and customer service levels by effectively managing product seasonality. According to Gutierrez, each of Hansen Natural's product lines have distinct



sales trends. For example, Junior Juice and Juice Slam juice boxes are in high demand when school is in session, while the 8oz. Natural Soda Mixers are more popular during the holiday seasons. In the high-volume energy industry, juice-based energy drinks such as Rumba, which is made of 100 percent juice, have higher sales during the spring and summer, while energy drinks that contain dairy — such as Java Monster, an energizing mix of premium coffee and cream — are in higher demand in the late summer and early fall.

To manage the diverse seasonality of each product, Gutierrez utilizes Demand Solutions Forecast Management, which automatically accounts seasonality into each product's forecast to create a reliable and highly accurate demand projection. Then, planners adjust safety stock levels accordingly at the more than 35 plants and warehouses located in the United States, optimizing Hansen's inventory levels.

"Without such an innovative planning tool, we would have an incredibly difficult time managing all of our plants," says Gutierrez. "Because we implemented Demand Solutions, we are able to get a complete and clear picture of our business." By managing product seasonality, Hansen Natural is able to supply customers with the products they want and avoid missing sales opportunities due to out-of-stocks.

Unleashed Sales

Managing new product introductions is a common challenge for inventory planners and prior to Demand Solutions, Hansen Natural didn't have the information necessary to make profitable decisions. Now with Demand Solutions Forecast Management, executives

along with inventory planners can supplement their knowledge with the system's insight into demand trends of a new product. In the early planning stages of new product introductions, Hansen Natural's forecasting team and marketing department monitor the software closely, choosing to manually review every forecast. Once the sales data is available, the planners confidently let the software take over. This process has proved effective as Hansen Natural has successfully extended the Monster Energy drink line to include 15 different flavors, such as Khaos, M-80, Mixxd and Assault.

Growth That Doesn't Tire

With Demand Solutions, Hansen Natural managed the increasing demand of its Monster Energy brand and now enjoys an efficient, regional production schedule that reduces expenses. "The monetary success of our Demand Solutions purchase is difficult to identify as our company's sales have grown over 70 percent since 2006," says Hayes. "I look at it this way — we grew from around five plants to more than 35 plants in just a few years. With Demand Solutions, we have been able to handle the increased complexity of our production scheduling while only employing one additional planner." With such efficiency with Demand Solutions, expect Hansen Natural and the Monster Energy brand to continue to have energy in the years to come. ☺

Which Monster suites you?

Monster Original

packs the original high-energy Monster brew with the classic Monster flavor.

Monster Lo-Carb

is a low-calorie and low-carb version of the original Monster Energy brew that packs the same energy punch as the original.

Monster Khaos

blends 50 percent juice (apple, orange, pear, peach, tangerine, pineapple and white grape juice extract) with the original Monster taste and classic buzz.

M-80

infuses the Monster brew with 80 percent tropical juices (apple, passion fruit and pineapple juice concentrate) for an explosive flavor with a punch of energy.

Mixxd

throws 30 percent juice (apple and red grape juice concentrate) into the original Monster energy-blend.

Java Monster Originale

charges premium coffee and cream with the Monster energy-blend for a supercharged energy drink with half the caffeine of regular coffee.

Java Monster Irish Blend

is a non-alcoholic version of a classic coffee cocktail infused with the original Monster buzz.

