



Spinnaker Sets Planning Roadmap for Chemicals Distributor

Highlights



- Delivered new future-state processes to enhance and align regional demand and supply planning and global demand and supply planning
- Prepared client to select an Advanced Planning and Scheduling suite that will facilitate regional and global tactical and strategic planning
- Helped client reduce inventory costs, enhance customer service, and improve management of its manufacturing and distribution capacity across regions
- Provides ongoing program management, supply chain best practice alignment and program management support as the new processes and software applications are implemented

The Challenge: When new supply chain leadership came on board to lead an operations turnaround at a recently acquired chemicals distributor, they inherited a complex supply chain network with 110,000 SKUs and 179 distribution facilities. An internal review of existing supply chain planning processes, tools, and organization uncovered many costly inefficiencies and opportunities for improvement.

The highly distributed planning organization relied on a legacy, mainframe-based planning system that was poorly understood by planners in the field and often ignored. Planning processes were inconsistent across the company and focused more on short-term execution issues than actual planning. Faulty planning logic in the legacy planning system made it difficult to accurately forecast customer demand and parameters for demand and supply planning.

Management determined that bringing the company's supply chain planning up to speed required a centralized planning organization and standardized processes across the enterprise. They also knew they needed a frank understanding of current-state planning processes, along with a clear vision of how achieve the desired transformation.

The operation was just two years away from migrating to SAP® Supply Chain Management (SAP SCM) for planning, so

the timing was right to prepare a full set of requirements for the SAP migration.

The Approach: The company's operations and planning team turned to Spinnaker to provide a rapid evaluation of its planning capabilities and create a roadmap for achieving recommended improvements.


- Demand Planning
- Long-term Sourcing and Network Design
- Inventory Planning
- Supply Planning
- Order Promising

The Results: With the improvements identified by Spinnaker implemented, the client conservatively projects a one-time savings of \$16M and recurring cost savings of \$18M per year. In the process, Spinnaker identified the planning capability requirements for the client's upcoming SAP SCM planning implementation – this will help ensure a smoother implementation and faster ROI.

Based on the Spinnaker recommendations, the client formed a core central team to focus on demand, network, and inventory planning. Supply planning remains a distributed activity with strong central oversight. Reconfigured planning logic enables more accurate forecasts of customer demand and demand and supply planning parameters. 5,000 high-priority SKUs were re-evaluated to achieve more accurate planning performance, resulting in lower inventory and better customer service. The client adopted Spinnaker's recommendation to move from a "stock all products at all locations" model to a hub and spoke supply chain model, which is expected to significantly reduce inventory and distribution costs while reducing delivery lead times. To help make these improvements sustainable, the client engaged Spinnaker to train its planners on performing quarterly reviews of planning logic and parameters.

About Spinnaker: Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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