



Inventory optimization in a multi-echelon environment

HCL boosts supply chain performance for a large refreshment beverage company

About the Customer

A large refreshment beverage company in North America which manufactures and distributes beverages to retailers across the U.S., Canada, and Mexico

The Challenge

The customer had undertaken rapid continuous improvement initiatives to improve its supply chain performance. As part of the initiative, the customer replaced its replenishment planning module from push-based to pull-based model. This negatively impacted customer's inventory optimization and service levels. The customer hence requested HCL to assess its new module's performance and suggest improvements.

The HCL Solution

To analyze customer's demand planning processes and identify improvement opportunities, a team of HCL professionals with deep supply chain business and technology knowledge assessed the following:

- Current usage rates of the system generated demand plan
- Degree of rework on the system generated demand plan
- Break point analysis of the dependent processes
- Functional fit of the application with the business requirements

The analysis revealed that business users were not able to effectively utilize the output from the new pull-based functionality due to inadequate parameter settings. The team also found mismatches between system and physical inventory, which increased manual work.

HCL proposed that the customer re-designs order-to-delivery process to eliminate inventory mismatches. To minimize these mismatches in short term, HCL enabled an "exception management decision support system". HCL also defined additional parameters in the pull calculator to ensure that the system pull mirrors the customer's real supply chain business needs.

The Business Benefits

HCL's solutions helped the customer to:



Further reduce days of inventory (DSI) by 4



Attain 98% service levels through differentiated inventory norms



Improved forecast accuracy



Reduce manual efforts through increased usage of system based pull



Deliver consistent performance across multiple distribution centers

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