GEP CASE STUDY

GLOBAL FRESH FOODS COMPANY SAVES MILLIONS THROUGH SUPPLY CHAIN TRANSFORMATION IN PARTNERSHIP WITH GEP



To streamline operations and untangle complexity, a leading Fortune 500 fruit producer and distributor partnered with GEP in the EMEA region to transform its supply chain strategy. GEP helped the company shift from manual planning processes and a supply-driven system to embrace a demand-driven approach. This collaborative initiative resulted in more than $10 million in yearly savings and significantly enhancing quality and customer satisfaction in the region.

OBJECTIVES

- Address complexity within the value chain to enhance quality and increase customer satisfaction
- Transform a supply-driven system, which led to lost revenue, low customer satisfaction and missed opportunities
- Integrate and standardize manual planning processes within the ERP system to improve accessibility, update outdated methods, like spreadsheet-based planning, and align activities effectively

APPROACH

- Conducted stakeholder interviews and SIPOC (Suppliers, Inputs, Process, Outputs, Customers) analyses to gather baseline data and pinpoint key pain points
- Conducted an integrated business planning (IBP) audit to assess the maturity levels of incumbent personnel, processes and technology
- Developed a target operating model focused on demand, outlining planning horizons and supported by robust processes, governance, and tools
- Implemented pilot phases to refine roles and responsibilities, and identify gaps
- Adopted advanced planning software to support the new IBP processes, reducing manual tasks and increasing efficiency

RESULTS

- €10 million in yearly operational cost savings
    - FTE reduction: €0.91 million
    - Plant write-off reduction: €0.32 million
    - Reduced push sales: €1.25 million
    - Reduced lost sales: €7.5 million
- Minimized lost revenues, maximized profits and reduced obsolescence and write-offs by:
    - Enhancing demand forecast accuracy
    - Optimizing resource allocation
    - Improving alignment between supply and demand
- Established three distinct frameworks for IBP time horizons (short-, medium-, long-term). Each framework included standardized processes, defined roles and clear responsibilities
- Integrated advanced planning software to enhance and support the IBP foundation of people and processes

A leading Fortune 500 packaged fresh produce company was facing significant challenges with its supply chain strategy. The company, a global leader in the cultivation and distribution of fruits, operates worldwide, partnering with independent growers to produce high-quality berries that are sold in markets across the globe. The delicate nature of the product and its short shelf life introduce significant complexities into the supply chain, requiring meticulous coordination to ensure freshness and minimize waste. To address these challenges, an end-to-end value chain assessment was conducted upfront to identify key focus areas, which led to the selection of integrated business planning (IBP) as the primary area for transformation.

The company relied on manual planning processes and a supply-driven model. This led to inefficiencies, lost revenue, low customer satisfaction and missed opportunities. Based on two use cases, a total of €12.2 million in losses has been identified. Sales forecast inaccuracies caused a potential undersale of €10.5 million on a top product line in its key region, with issues identified three months in advance but left unresolved until the final week. Additionally, an oversupply in the spring season resulted in €1.7 million in losses, including €600,000 paid to growers because of excess stock being sold below breakeven, damaging both grower relations and the company's reputation. The lack of integration and standardization in the planning processes resulted in complexity and outdated methods, hindering ability to meet market demands effectively.

A COMPREHENSIVE APPROACH TO TRANSFORMATION

To address these issues, the company needed to transition to a more responsive, demand-driven supply chain model. It sought GEP's expertise in achieving this. GEP first established foundational principles through stakeholder engagement and comprehensive analyses.

This initial phase included conducting audits to assess current maturity levels across people, processes and technology.

Transitioning to a new model involved integrating critical elements, with a strong emphasis on governance, clear responsibilities and accountability throughout the organization. GEP developed alternative models and designed a blueprint for the future. This approach culminated in formulating an implementation road map and executing the transition to the new operating model.

In phase 1, efforts focused on laying the groundwork, particularly by establishing critical master data structures. Over the subsequent phase 2, the focus intensified on fostering a culture of data-centric decision-making, outsourcing non-core tasks and strategically reallocating resources to enhance market competitiveness. In phase 3, the emphasis shifted toward stabilizing automated processes, aligning research and development with business objectives and developing a road map for advanced analytics integration.

Throughout these phases, emphasis was placed on training for change and promoting data-led decision-making. Scenario planning was also emphasized to navigate supply-demand dynamics effectively. These initiatives collectively optimized processes, enhanced automation, and increased visibility, thereby strengthening organizational capabilities and driving successful adoption of IBP, leading to overall performance enhancement.



A PROJECT YIELDING SIGNIFICANT SAVINGS AND EFFICIENCY GAINS

The transition to a demand-driven strategy enabled the company to significantly reduce obsolescence and write-offs by better aligning supply with demand and optimizing resources and capabilities. By implementing three IBP frameworks across different time horizons, and standardizing processes, roles, and responsibilities, coupled with the adoption of advanced planning software to support the IBP foundation, the company identified €10 million in yearly savings and achieved a 10% reduction in FTE positions.

By partnering with GEP and transitioning to a demand-driven approach, the company achieved substantial cost savings, enhanced operational efficiency, and improved customer satisfaction. The structured implementation of advanced planning processes and technologies not only streamlined operations but also positioned the company for sustained growth and competitiveness in the global market.

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