

Case Study



The German group Hettich is a world leader in the manufacture and distribution of metal parts for furniture.



Project & Objectives

The management at Hettich decided to increase the customer service level to its two most important markets, furniture manufacturers and merchants, thereby adding a high quality of service to the high technical quality of their products.

The DPM project began in October 2002. It was originally integrated with an AS400 transaction system, and now, with SAP R/3.

... Day to Day

The DPM system at Hettich manages 15,000 items at an individual level in the central warehouse. DPM adapts to certain unique characteristics, including:

- Optimizing and planning distribution in line with production constraints
- Managing “kits”, those articles sold separately and which together form part of another item, both which have independent demand
- Addition of client orders, implying fulfilling a client’s request for articles which are managed both against stock and against standing orders.

Results & Benefits

Within just three months, DPM was implemented, operational and the company had already obtained:

- Increased customer service from 78% to 92%
- Reduced stock levels, despite an increase in sales (produced in part by the higher customer service level)
- A “Culture of Planning” was installed throughout the company:
 - Sales and marketing: realizing forecasts and establishing global service policies
 - Planning: working more effectively and able to accurately plan at the individual item/warehouse level
 - General Management: strategically planning the level of service to the market, and choosing where to invest inventory most cost effectively
 - Finance: matching inventory to the level of service established by General Management
 - Distribution: reducing obsolescence, problems and complaints.

The net result was a complete transformation in the way the company managed inventories, and their ability to define and execute against strategic objectives.