



CUSTOMER STORY

Absolut Company

Increasingly complex production made more efficient

Challenges

For five years, the number of SKU's rose by 19% as the number of core flavors increased from 11 to 18 and the number of limited editions went from 2 to 12, an increase by 600%. In contrast to the highly automated production process, the production planning process was a manual task. Forecasting and production planning was performed by only one planner, with the help of spreadsheets. But as complexity rose, a change was needed, and The Absolut Company started to look at alternatives. Peter Neiderud, Director Supply Chain and QE, understood that this was a major project, necessary in order to move to a new era of Absolut Vodka while honoring traditions and continuing the manufacturing in Åhus, Sweden.

Industry

- Consumer Goods - Food & Beverage

Solution

- Demand Planning
- Inventory Optimization
- Replenishment
- Production Planning

Results

- Optimized production sequences
- Increased overall production efficiency
- Increased product availability

Company Overview

Absolut Vodka is the world's largest locally produced vodka, fully based on Swedish winter wheat. Since the start in 1879, it has been manufactured in the small town of Åhus in Sweden. As 99% of the production is exported, it is also Sweden's single largest food and beverage export, with 75% shipping from the small harbor of Åhus.

Project & Objectives

The objective for the solution is to enable The Absolut Company (in the longer horizon, not during the project) to reach their goals to:

- Increase service levels
- Reduce inventory investment

The Absolut Company chose Optilon as a partner after a thorough evaluation of several candidates. A key factor was Optilon's ability to integrate best-of-breed solutions for production planning, demand forecasting, inventory optimization and replenishment into a seamless process. Along with this, a key criterion for a new way of working was the ability to automate business processes.



We went from a time consuming manual planning to full focus on optimizing. Now we can plan even further ahead and our next goal is to get a "GPS-function" for planning, we will tell it where we want to go and it will draw the map."

Peter Neiderud, Director Supply Chain and QE, The Absolut Company

Also, The Absolut Company had clear targets regarding service levels towards its parent company. Optilon proposed a solution that could guarantee product availability according to targets, with minimal investment in finished goods.

Results & Benefits

Through a high level of automation in planning, proactive decision making and optimized production sequences, challenges were resolved. SO99+ from ToolsGroup was put in place for demand planning, inventory optimization and replenishment, while Compass from Plannet was implemented for production planning in Åhus. With a fully integrated yet user-friendly solution, one planner is still in control of the entire forecasting and production planning process. The solution reduced the time needed for manual planning, while freeing up time for exceptions and decision making. At the same time, Absolut now has a better overview of the bottlenecks and they can keep a higher deliverability when their inventories are temporarily low.

The new way of working did not come without challenges, but these were accounted for. "Don't underestimate the time and resources needed when implementing new software. Always expect problems with master data. Also make sure that you have good support, as great help makes it a whole lot easier", commented Peter Neiderud.

An ever-more demanding production planning process, and targets regarding availability were accounted for. Overall production efficiency and product availability improved. All of this did not require further investments in resources and competences, as one person still controls the whole end-to-end process.

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