



CUSTOMER STORY

Boise

How much can a company save by reducing inventory waste?

Challenges

Dale Groetsema, Supply Chain Leader for Boise, deals nearly every day with the difficult problem of how to manage inventory in a long supply chain, owning the inventory all the way from raw material (the tree) to finished product in the warehouse. Manufacturing takes place at the mills located near the source of raw material, while customers are located mostly in distant metropolitan areas. In between, most of the product is shipped via rail, since shipping bulky paper products by truck is often not an economical option. The average transit time is more than two weeks. "At any given time, much of our inventory can be just sitting in rail cars," notes Dale.

Industry

- Consumer Durable Goods

Solution

- Inventory Optimization

Results

- Reduced inventory by more than 20%
- Improved service level by three full points
- Now manage their business to service levels instead of inventory turns

Company Overview

Boise has been a proud member of the forest products industry since 1931. Since 2013 is has been part of the Packaging Corporation of America (PCA). The combined

company is the fourth largest producer of containerboard and corrugated packaging products in the US. Boise is focused intensely on safe, sustainable manufacturing and meeting customer needs.

Project & Objectives

The Boise team set out to reduce stock inventory by 10% while improving on-time delivery service levels. The project had a tight timetable to roll out office papers in four months and specialty papers, printing and converting a few months later. Optimal balance is a difficult process but one that can make a huge difference on the price and availability of paper products.



We had one customer re-up because we could provide them service they couldn't get anywhere else. And we accomplished it without increasing inventory or manufacturing capacity." Dale Groetsema, Supply Chain Leader for Boise

Solution

ToolsGroup's SO99+ Inventory Optimizer was chosen as a key component of a new Sales, Inventory & Operations Planning Process (SIOP). SO99+ captures daily sales history and extracts replenishment parameters. The system sets solve constraints – service levels and inventory minimums – based on service classes and then calculates safety stocks. It also predicts inventory requirements for SIOP planning.

The system also supports Boise's product segmentation strategy, which allows them to focus their resources where they matter most.

Benefits

In the first year, Boise achieved more than double their inventory reduction target, cutting inventory by more than 20%. At the same time, they improved service level by three full points, far exceeding their goal.

Some important benefits have been "unexpected"; gained from a more structured, scientific inventory planning and optimization process. They include:

- Made surprising discoveries about the true impact of variable supply
- Developed inventory projections in a fraction of the time it formerly took
- Now manage to service levels instead of inventory turns
- Now can answer "what if" supply chain questions with confidence

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