



CUSTOMER STORY

# Grupo Gallo

Grupo Gallo increased service levels while reducing inventory in a highly dynamic environment

## Challenges

FMCG is a very dynamic sector due to promotional activity and large number of new product introductions. To support this environment, Grupo Gallo needed a reactive and adaptive supply chain.

## Industry

- Manufacturing – Food & Beverage

## Solution

- Demand Forecasting & Planning
- Inventory Optimization
- Replenishment

## Results

- Increased global customer service level to 99%
- Reduced inventory by approximately 10 days coverage
- Achieved a high degree of task automation and management by exception

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## Project & Objectives

Gallo was faced with a changing business environment, both internally and externally. Externally, distribution was becoming increasingly concentrated and services were being centralized. The distribution network was changing from a branch-based model to one focused on Logistics Operators.

Internally, there was significant growth in the number of rush orders to be handled. In a decentralized production planning environment, Gallo was feeding more inventory into the various nodes of the network in an attempt to sustain desired customer service levels.

Gallo concluded that their supply chain would continue to undergo change; so the logistics and manufacturing networks needed to be dynamic and flexible enough to adapt quickly. They undertook a project to restructure the company's supply planning process (including procurement, production and internal stock replenishment), synchronizing the company's different business departments and taking into account marketplace events and operating constraints. The system had to focus on attaining required customer service levels across the entire organization, looking at the operation globally.

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## Day to Day

Gallo decided on ToolsGroup's SO99+ solution because of ToolsGroup's expertise in inventory optimization for demand-driven supply chains. Functionally, SO99+ was dynamic enough to adapt to their business model and it used customer-service levels as the driving force for the inventory optimization process.

Technologically, it integrated easily with their SAP ERP platform and required modest technical resources to implement. Additionally, they found the introduction time short and the software easy and intuitive to use.

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## Results & Benefits

With SO99+, Gallo achieved the following benefits:

- Increased global customer service level to 99%
- Reduced inventory by approximately 10 days coverage.
- Achieved a high degree of task automation and management by exception, reducing demand planning and replenishment to slightly more than one full-time equivalent (FTE)
- Collaboration with suppliers, giving them visibility of short and medium term the needs purchasing needs
- Manufacturing - Drastic reduction in requests for emergency changes to the production schedule
- Sales - Increased involvement and coordination in the planning process and improved forecasting quality

### + About ToolsGroup

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