



CUSTOMER STORY

Pompea

Manufacturing Improved Service Levels with S&OP

Challenges

Pompea's business was becoming increasingly complex and it was challenged to build the right inventory mix to serve its retail channels. The labor-intensive, time-consuming monthly planning process was no longer cutting it. Something needed to change.

Industry

- Manufacturing - Fashion

Solution

- Demand Forecasting & Planning
- Inventory Optimization
- Replenishment
- Sales & Operations Planning

Results

- Service time cut by well over half
- Customer service level increased by 10 full points
- Inventory reduced by 15%

Company Overview

Pompea is a leading manufacturer of hosiery and underwear products for women, men and children. The company provides its products through large scale retail outlets, wholesales, sales agents and representatives, retailers, and its mobile-shops and outlets in Europe and internationally.

Project & Objectives

As their business became increasingly complex, Pompea was faced with the challenge of building the right mix of inventory needed to serve their retail channels. Pompea's Supply Chain Group Manager summarized the situation: "The complexity of our planning process was driven by the number of items, disparate needs of our different sales channels, strong seasonal demand, fashion changes and very restrictive capacity constraints."



We improved the process, timing and reliability of our forecasts with a structured procedure enabled by ToolsGroup. The results have gone beyond our expectations."

The bottom line: Their labor-intensive and time-consuming monthly planning process required up to 20 days to complete and was no longer acceptable. Something needed to change.

Pompea's business had been characterized by multiple brands (Pompea, Roberta, Glamour), a range of products and, above all, different sales channels (retail, wholesale, foreign distributors). But these issues had become even more challenging as Pompea experienced a dramatic increase in brands and new products,

like custom pajamas and accessories. The items to be managed now numbered in the tens of thousands, including size and color. In addition, a significant portion of the firm's collection was seasonal and non-repetitive.

Securing raw materials from Far East suppliers, factory production and warehousing logistics had also become more complex.

Finally, their market's demand for improved delivery times and superior service levels had accelerated. Noting the critical need to improve product delivery to the retail channel, Pompea undertook a project to improve their planning processes with the following objectives:

- properly control inventory targets
- better manage inventory (seasonal vs. year-round production)
- set the inventory for finished and semi-finished SKUs, taking into account the production capacity constraints and production leveling
- improve the ability to react to demand changes

Day by Day

The resulting advanced methodology for Sales & Operations Planning (S&OP) allowed Pompea to meet the inventory needs of their retail channel.

- Demand Forecasting now works closely with sales, receiving their inputs and modifying the sales plans to generate the demand plan

- Production is able to correctly size and allocate the inventory, and size the stock of finished and semi-finished products necessary to ensure required service objectives and response times
- Production Planning is able to define the master production schedule, taking into account the capacity constraints, production leveling and loading

These functions are supported and integrated by ToolsGroup's SO99+, which calculates the sales forecast and determines the inventory targets needed to guarantee service level objectives. The new system analyzes demand variability and exploits the unique demand characteristics of each SKU to optimize replenishment. The master plan is then processed by Pompea's J.D. Edwards MRP system.

Results

Improvements in key metrics were impressive.

- Service time was cut by well over half, from an average of 8.5 days to 3.2 days overall, and to 3 days for the large supermarket chains
- Customer service level increased by 10 full points, from 86% to 96%, measured by completed orders delivered on time
- Inventory was reduced by 15%, with a simultaneous reduction of unsold end-of-season items

In conclusion they said: "We improved the process, timing and reliability of our forecasts with a structured procedure enabled by ToolsGroup. The results have gone beyond our expectations."

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