



CUSTOMER STORY

Cerealis

Food company transforms supply chain complexity and volatility into better service and healthy inventory levels

Introduction

Founded over 100 years ago, Cerealis is one of the premier food manufacturers in Portugal. Focused on cereal processing, Cerealis' portfolio has grown to 170 products including leading brands of pasta, flour, cookies, breakfast cereals and cereal bars. Cerealis processes more than 480,000 tons of cereal per year in its five certified production sites and distributes its products worldwide.

Industry

- Manufacturing
- Food & Beverage

Solution

- Demand Forecasting & Planning
- Inventory Optimization
- Replenishment
- Production & Capacity Planning

Results

- Improved service level
- Improved forecast accuracy
- Reduction of stock levels
- Optimization of production resources

Challenges

With over 700 tons of cereal processed per day, 600 delivery points serving more than 2,300 points of sale, 1,000+ SKUs of finished products, and a wide range of suppliers, Cerealis operates in a complex and dynamic environment. "The

complexity of our supply chain was really high," said Bárbara Fraga, supply chain director at Cerealis. "With all the new product launches we had scheduled, together with a growing customer portfolio, it was impossible to manage all the complexity with spreadsheets. We needed to digitize our supply chain planning in order to support our growth and help meet our company goals."

The main objectives of the Cerealis supply chain transformation project were to increase customer service levels, reduce stock levels, and maximize the efficiency of the production plants, while respecting production constraints and factory limitations. But the manual planning method wasn't the only obstacle. The nature of the products themselves posed a challenge.

"The project had to satisfy the high complexity of Cerealis and the management of all our SKUs—each with different behaviors and characteristics," said Mafalda Marques, production and demand planning manager at Cerealis.

The project also needed to connect Cerealis' tactical and strategic planning (annual, long-term planning) with the operational planning (weekly and daily review), in a complete S&OP process. This way, the company could strengthen their processes and improve supply chain visibility and data quality. Cerealis needed a planning solution to manage its escalating supply chain complexity while remaining flexible and adaptable to the dynamic environment of the consumer goods industry.



ToolsGroup planning software works really well in consumer goods environments, since ToolsGroup algorithms can manage demand volatility while taking into consideration the individual behaviors of each SKU. It is a very flexible tool that covers all areas of our supply chain."

Solution

Cerealis selected ToolsGroup's Service Optimizer 99+ (SO99+), a complete supply chain planning solution that covers Cerealis' demand forecasting, inventory optimization, replenishment, and production planning. Using information from both the sales department and Cerealis' ERP system, SO99+ is able to synthesize the company's fundamental data with commercial and external information to build reliable sales forecast reports and production proposals.

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"ToolsGroup's reliable sales forecasts allow us to maximize service levels while optimizing stock levels; production proposals respect replenishment criteria and industrial constraints while optimizing service levels," added Marques.

Results

After implementing SO99+, Cerealis saw an abundance of benefits. "We improved our forecast accuracy and our service levels, while optimizing our stock levels to fit market demand," observed Fraga. The improved forecast accuracy stems from SO99's ability to incorporate input from the sales reps about external factors and market information that enrich the forecasts. This increased the reliability in the planning processes of the company. New product introductions were also improved by using the demand history of similar products.

Cerealis optimized and reduced stock levels. SO99+ builds reliable stock-out risk analysis reports that are used for faster decision making. These reports identify products/product families with overstocks and those prone to stock-outs.

Cerealis' production processes were improved by defining a master production schedule (MPS) suitable to the company's resources. SO99+ actually improved the use and reliability of Cerealis' ERP. "It was a qualitative leap in our processes because SO99+ proposals helped our MRP to go live. The quality of our work drastically increased due to the quality of the information we were getting from the software," said Marques.

"The most important benefit we obtained with SO99+ was the improvement and stabilization of our service levels. When you stabilize the service level in such a volatile environment, the entire supply chain becomes more stable—our factories, production lines, manufacturing plans and suppliers. Today we share demand data with our suppliers, so they are better prepared for the future as they become more stable as well—that means the supply chain wins as a whole," concluded Fraga.

+ About ToolsGroup

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