

A Shared Plan for Success

Compañía Embotelladora Del Fuerte Relies on JDA to Synchronize Processes Across Its Operations



Compañía Embotelladora Del Fuerte (CDF) is the leading bottler of Coca-Cola and other beverage products in the Pacific and North areas of Mexico. The company was relying on manual processes, outdated software and Microsoft Excel spreadsheets to manage operations at its three production plants. Although these plants shared a common process template, each plant had its own unique team devoted to forecasting, planning and inventory management — and each team made its own adjustments to the process template.

This plant-level approach proved inadequate as CDF's overall business grew in complexity. Ongoing product introductions, greater diversity in packaging and stock-keeping units (SKUs), and a demanding channel of 57,000 traditional mom-and-pop

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*– Alfredo Granados Jaimes,
Logistics Manager,
CDF*



stores presented significant challenges to CDF's continued success. In addition, CDF's SKUs had increased from 70 to 400 in less than four years, due in part to Coca-Cola's purchase of a national juice company, Jugos del Valle. This incredible product growth meant different demand patterns, promotional needs and production requirements — which placed new pressures on CDF's production planning, inventory management and customer service functions.

CDF was considering a new production line or plant expansion to manage demand spikes. But executives recognized that it might be more profitable to consolidate planning at its facilities, so that raw materials, production capacity and finished goods inventories could be strategically shared across the company.

Executives at CDF chose to implement JDA Software's demand and sequencing solutions to bring its three production facilities together, with a shared view of demand, a common set of business processes, and a new level of agility and cost effectiveness. With implementation support from the JDA Services team, the JDA solutions and associated processes were up and running in just 18 weeks.



Grupo embotellador de



CDF at a Glance

Compañía Embotelladora Del Fuerte (CDF) manufactures, sells and distributes products for Coca-Cola and Jugos del Valle. Headquartered in Tijuana, Mexico, the company has approximately 3,200 employees across its operations, which span the Pacific and North areas of Mexico. With annual sales of more than US\$300 million, CDF operates three manufacturing plants and 14 regional distribution centers serving diverse customer channels.

Objective

Establish a centralized production planning organization, with shared resources and a common set of business processes in order to maximize the company's agility and service while minimizing costs.

Solutions

- JDA® Demand
- JDA® Sequencing

Services

- JDA Implementation Services

Real Results

- Improved forecast accuracy by 18 percent
- Increased production line utilization by 10 percent within five months
- Increased fill rates and run rates to achieve a 1 percent improvement in sales (trends predict an annual gain of US\$3 million)
- Avoided a plant expansion by better utilizing existing resources
- Established centralized planning processes



Improving Cost Analysis

After considering a number of solution providers to unify its operations, CDF chose JDA because of the functionality, flexibility and cost analysis capabilities of its solutions.

“In choosing a software provider, we were impressed by the strength and capability of the JDA solutions,” said Alfredo Granados Jaimes, logistics manager at CDF. “We realized that we could maximize the value of our plants by running what-if scenarios that simulated shifting materials, production and finished goods inventories across our three facilities — a critical capability for our business. We determined that the JDA solutions would enable us to predict the impact on costs and service levels before we made any decisions.”

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“In addition, we realized that JDA could provide a very detailed view into our market demand, which encompasses many channels and is very volatile. Demand for our products can be affected by seasonal changes, political events and other factors that are difficult to anticipate,” said Jaimes. “JDA solutions would not only offer us a very detailed look at this market complexity, but also could quantify our real demand — including the sales opportunities that we were missing.”

Proactively Managing Demand

The JDA Services team went right to work, with the goal of implementing the selected solutions in just 18 weeks — for an immediate performance impact and a rapid return on investment. Following an analysis of CDF’s existing business model, JDA Services created new planning processes that would be shared across CDF’s three busy production facilities.

Backed by the power of JDA Demand, JDA Services created new forecasting capabilities that consider demand across various channels, including grocery stores, schools, hospitals and the 57,000 small stores that represent up to 60 percent of CDF’s annual sales volume. By taking a three-year view of historical sales — as well as considering product seasonality, missed opportunities and other factors — JDA Demand



has supported CDF in making the shift from a reactive to a proactive stance in managing demand volatility. Because JDA solutions have increased the time horizon of both demand and production forecasts, CDF can better plan its raw material needs and more strategically allocate production resources.

In addition, JDA Sequencing has provided CDF with a common view of the raw materials, capacity and finished goods that exist across its supply chain, which can be leveraged to manage sudden demand shifts. Based on that information, CDF can avoid new procurement or production activities by shifting materials or inventory among its facilities.

“The JDA solutions enabled us to make smarter decisions about when to procure materials, as well as how to utilize our capacity and our staff. We significantly improved our workload distribution across production lines, due to a more accurate production and sequencing plan — as well as our improved visibility into changeover times and machine downtimes,” said Jaimes. “CDF has always been a manufacturing leader, but we saw that JDA was taking our performance to a new level. It was very rewarding to go through this process.”

Establishing Shared Processes

Since implementing JDA’s solutions and services, CDF has been able to establish new shared processes across its diverse operations, which have delivered results in many areas of the business.

With its new centralized perspective, CDF has increased its overall forecast accuracy by 18 percent. This improvement in forecast quality means better visibility, as well as a shared perspective that drives the whole company. CDF has been able to reduce the number of staff and other resources devoted to disparate planning processes at its three production facilities.

CDF has also been able to realize cost efficiencies by consolidating its procurement and transportation activities as well as shifting materials, capacity and goods among its plants to balance production. The company achieved a 10 percent increase in production line utilization within five months of implementing the JDA solutions. Improvements in fill rates and run rates are on track to produce a 1 percent increase in sales, which translates into approximately US\$3 million in additional revenues each year.

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