GRUPO NACIONAL DE CHOCOLATES

STANDARDIZING DEMAND PLANNING PROCESSES TO SUPPORT GROWTH

QUICK FACTS

Industry
Consumer products – food

Revenue
Col$4 billion (US$2.2 billion)

Employees
21,377

Headquarters
Medellín, Colombia

Web Site
www.grupochocolates.com

SAP® Solutions and Services
SAP® Advanced Planning & Optimization component

Implementation Partner
Sintec

Grupo Nacional de Chocolates S.A. is a food processing conglomerate with operations throughout South America, Mexico, and the United States. The group implemented SAP® software to standardize demand planning processes, improve collaboration, and centralize data. As a result, the group has improved the accuracy of demand plans, reduced forecasting errors, decreased planning cycle times, and gained greater flexibility to adapt to change.

Key Challenges

- Standardize demand planning processes across lines of business
- Increase supply chain flexibility and reduce planning lead time
- Improve access to enterprise-wide operations data to enable quick planning and decision making
- Increase ability of sales team to prepare more accurate forecasts

Why SAP Was Selected

- Best-practice support for global, standardized, demand-planning business processes
- Depth of planning functionality
- Integration of key business processes
- Reliability and availability of enterprise-wide data

Implementation Best Practices

- Developed a global rollout template to streamline implementation
- Integrated best-practice demand planning business processes
- Created a competency center to lead the implementation and gain in-house expertise
- Assigned the most experienced personnel as planning process champions

Low Total Cost of Ownership

- Lowered costs by creating a rollout template
- Reduced implementation costs by using internal resources instead of external consultants
- Gained platform for continuous improvement
- Avoided software license fees by adopting a single solution that can support planning for all business units

Financial and Strategic Benefits

- Improved supply chain efficiency by standardizing and integrating demand planning among sales, marketing, logistics, and production
- Reduced lead times, work in progress, and capital tied up in production
- Improved decision support by establishing a single reliable source of data
- Increased the accuracy of sales forecasts and optimized the forecasting process
- Gained flexibility to adapt to changes in demand

Operational Benefits

Key Performance Indicator	Impact
Service level, including accuracy and timeliness of customer orders	+4%
Forecasting errors	-50%
Planning cycle time	-30%

Grupo Nacional de Chocolates

"SAP Advanced Planning & Optimization has helped us establish advanced planning as a key competency across our lines of business to improve service levels while controlling costs and freeing working capital."

Carlos Puerta, Logistics Manager, Meat Business, Grupo Nacional de Chocolates S.A.

www.sap.com/contactsap

Adapting to Market Changes

Changes in the food industry, including globalization, modified consumption habits, and heightened competition, prompted Grupo Nacional de Chocolates S.A. to devise a strategic plan to increase its competitive advantage. A key aspect of the Colombia-based food processing conglomerate's plan focused on its demand planning processes.

The group wanted to integrate and standardize its demand planning functions across operations in South America, Mexico, and the United States. The group's subsidiaries and affiliates are structured in six business areas: meat, cookies, chocolates, coffee, ice cream, and pastas. "Our plan was to support sustainable growth and market penetration in target regions while increasing service levels," says Carlos Puerta, logistics manager for the group's meat business.

Choosing SAP® Software

By standardizing global planning and forecasting processes, Grupo Nacional de Chocolates felt it would have the right strategic, tactical, and operational control to achieve its goals. The search for a software solution led them to the SAP® Advanced Planning & Optimization (SAP APO) component. "We were looking for a technology platform that offered standardization, integration, and support for best-practice business processes," Puerta explains. "That's why we choose SAP APO software."

Adopting Best-Practice Processes

Grupo Nacional de Chocolates selected Sintec as its implementation partner because of the company's experience implementing SAP solutions. The project was approached in phases, starting with the design of a global rollout template. "The template was deployed at the largest business before it was rolled out to the other businesses," Puerta says.

To support the implementation, Grupo Nacional de Chocolates established a competency center. In-house experts responsible for each business process were assigned to the project full time. "This approach helped us not only increase our own expertise, but it also helped to ensure we addressed specific requirements of each business," Puerta adds.

Leveraging an Optimized Planning Model

The advanced planning model Grupo Nacional de Chocolates adopted covers all tactical and operational planning processes. The group has established a single source of business data to support decisions. As a result, it has been able to improve the accuracy of its demand plans.

"By including cleansed production data and segmented SKUs based on sales and variability indicators, we're able to define statistics on each segment to ensure it creates the correct demand models," Puerta says. "Within the meat business, we've been able to reduce forecasting error by 50%." Besides improving statistical forecasts, the group established a repeatable process for sales and marketing to follow to increase the accuracy of demand forecasts.

Maximizing Flexibility and Reliability

For supply network planning, Grupo Nacional de Chocolates takes the collaborative demand plan and inventory levels for the period and generates a plan that has been optimized based on capacity across the supply chain for distribution, production, and raw material supplies. "The optimized supply plan maximizes our service levels and minimizes distribution costs," Puerta explains.

A more reliable sales forecast and a supply plan that ensures product availability throughout the distribution network have enabled the group's meat business to increase its service levels by 4%. Integrated processes have enabled the meat business to improve collaboration to reduce the planning cycle times by 30%.

With advanced planning processes standardized across its businesses, Grupo Nacional de Chocolates has the foundation it needs to work toward its common goal to increase its competitive advantage.

50 103 964 (11/03)
©2011 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP BusinessObjects Explorer, StreamWork, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects Software Ltd. Business Objects is an SAP company.

Sybase and Adaptive Server, iAnywhere, Sybase 365, SQL Anywhere, and other Sybase products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Sybase, Inc. Sybase is an SAP company.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

THE BEST-RUN BUSINESSES RUN SAP™