



Calvo: Satisfying the World's Demand-Driven Appetite with a Sharper Hook into Global Operations

The name behind the first company to put tuna in a round can and to package tuna in hygienic flexible aluminum bags and introduce low-salt canned tuna to a tuna-loving world is Grupo Calvo. To keep innovating and expanding in the twenty-first century, this extraordinary market leader needed a **better grasp of its global operations** – and it got that with solutions from SAP.

Executive overview

Company

Grupo Calvo (Calvo Group)

Headquarters

La Coruña, Spain

Industry

Consumer products – food

Products and Services

Seafood, such as tuna, mussels, and squid, as well as pates, salads, and other prepared foods

Employees

3,300

Revenue

US\$690 million

Web Site

www.calvo.es,
www.crearelfuturo.com

BUSINESS TRANSFORMATION

The company's top objectives:

- Eliminate uncertainty over availability of raw materials in supply chain
- Anticipate and plan for long lead times from fishing boats to retailers' shelves
- Meet competitive pressures with a demand-driven response

The resolution:

- Replaced departmental data silos and created a single, integrated forecast
- Enabled global supply chain visibility and analysis with the SAP® Supply Chain Management (SAP SCM) application
- Optimized all operations within Calvo's global value chain

The key benefits:

- Optimized deployment plans for production and distribution centers by enabling greater disaggregation
- Improved estimation of quantities at any given time and location
- Reconciled sales and production objectives with a shared objective

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TOP BENEFITS ACHIEVED

20%

Decrease in overstocks

25%

Reduction in product obsolescence

10%

Increase in accuracy at SKU level

See more metrics ►

“After implementing SAP SCM and demand planning, we can create a single, integrated forecast to help us reconcile production negotiations and optimize operations all through the value chain.”

María Martínez, Demand Planning Manager, Grupo Calvo



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Harvesting food from land and sea to feed a global palate

Founder and namesake Luis Calvo could not have known in 1940, when he established his first canning factory in La Coruña, Spain, that he had founded one of the top five canned-food companies on land or sea. Today, Grupo Calvo is known and enjoyed by hundreds of millions of people around the world. A market leader and innovator from the start, it was Calvo that first replaced oval tuna cans with round cans in 1942; it was Calvo that introduced hygienic aluminum packaging for the food service sector in 1999; and in 2001, it was Calvo that provided the world with low-salt canned fish products.

Calvo's global operations cover the whole value chain of high-quality products – as they have for more than 70 years. It has major production facilities in Spain, El Salvador, and Brazil; and it distributes a wide

variety of seafood, such as tuna, mussels, and squid, as well as pates, salads, and other prepared foods across five continents. The company has also led the way in the fishing industry, operating one of the most specialized fishing fleets in the world.

With so many moving parts in the Calvo value chain – and with departments all over the globe operating in silos – it was difficult to get accurate lead-time forecasts. Calvo realized it needed to create a single, integrated forecast to enable shared objectives across the global enterprise. So Calvo did what it does best. It fished around and found what it was hunting for in supply chain and budgeting solutions from SAP.

“Demand planning with SAP SCM helps Calvo meet customers’ needs in a complex environment with a more proactive and consensus-driven tool, and it supports our S&OP [sales and operations] process.”

María Martínez, Demand Planning Manager, Grupo Calvo



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Forecasting consumer demand with globally integrated planning

Maria Martinez, Calvo's demand planning manager, realized that an integrated forecasting solution would help achieve the operational excellence to surpass global competition. It would also end duplicate efforts and forecasts as well as excessive control of sales over forecasting, which made it difficult to adjust inventory against real demand. "The key pillar for supply chain optimization is demand planning," explains Martinez, "which connects customer behavior, purchasing agreements, production and logistic resources, promotion management, and controlling."

With the SAP® ERP application already deployed, and with SAP SCM providing bidirectional integration with enterprise resource planning, the solution decision was set. SAP SCM would enable the forecasting

needed for better decisions, which would optimize the supply chain and improve customer service. Calvo would be empowered to produce the right quantities at the right time with adequate SKU turnover. "SAP SCM supports best practices for our demand planning objective," says Martinez.

Calvo achieved an implementation of SAP SCM that was fast, on time, and within budget. It is now producing consensus-based forecasts using amplified analysis functionality to better estimate quantities at any given time and location. At the touch of a button, Calvo can now perform multilocation promotional planning, use multiple forecast models, simulate what-if scenarios, and support management by exception with alert monitoring.

"Reaching excellence in operations is critical for Calvo due to the pressure of competitive markets and the competence of new suppliers from countries with less rigid legal requirements."

María Martinez, Demand Planning Manager, Grupo Calvo



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Transforming operations to globalize the Calvo brand

With the implementation of SAP SCM, Calvo set sail toward excellence in operations and continuous improvements in efficiency, brand awareness, and customer service. In terms of low cost of ownership, Calvo has enabled automated planning, simplified its landscape, and created a single data repository for all operations – bringing the days of duplicate and unreliable information to a close.

Operationally, Calvo has increased SKU accuracy by 10%, increased SKU statistical model forecasting

by 40%, enhanced disaggregation to optimize deployment planning for production and distribution centers, and raised planner productivity by 15% – giving planners more time for analysis. In addition, the company has reduced overstocks by 20% and lowered product obsolescence by 25%. “This business transformation shows how Calvo is always working to increase process efficiency, innovate new product lines, and reinforce a treasured global brand,” says Martinez.

KEY BENEFITS

20%

Decrease in overstocks

25%

Reduction in product obsolescence

12%

Increase in manufacturing schedule adherence

10%

Increase in accuracy at SKU level

40%

More SKUs forecasted with statistical models

15%

Improvement in planners' productivity



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Netting the business benefits of supply chain optimization

SAP SCM impacts Calvo's entire value chain, enabling the company to optimize planning. Calvo can estimate quantities needed at any time or location. SAP SCM has replaced conflicting sales and production objectives with shared objectives. It is helping Calvo reduce costs related to overstocks, which, in turn, decreases the need for financing working capital. Calvo uses real-time monitoring to improve customer service by avoiding stock-outs and product obsolescence, while automating operations to reduce manual tasks.

The SAP SCM rollout started in Spain and Italy and continues globally. Calvo will implement supply network planning functionality of SAP SCM integrated with SAP ERP. It will use SAP SCM to create sales and production budgets for the SAP BusinessObjects™ Planning and Consolidation application it is implementing. As always, Calvo continues to look for innovative ways to satisfy the world's appetite for healthy, tasty, and high-quality food.

