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Britvic: Reducing Inventory by 30% with Efficient Supply Chain Planning Enabled by SAP® APO

As one of Europe's leading soft drink producers, Britvic plc had formidable forecasting and planning challenges. To **cut inventory and improve availability,** Britvic deployed the SAP® Advanced Planning & Optimization component. It helped Britvic scale up 25% in revenue and 15% in cases sold over six years without the need for any significant investment in its distribution network.

Executive overview

Company
Britvic plc

Headquarters
Hemel Hempstead, England

Industry
Consumer products

Products and Services
Soft drinks

Employees
3,000

Revenue
£1.3 billion (US$2 billion)

Web Site
www.britvic.com

Partners
SAP® Consulting
HCL AXON
(www.hcltech.com)

BUSINESS TRANSFORMATION

The program's top objectives

- Support growth of the business
- Reduce inventory levels
- Improve product availability

The resolution

- Deployed the SAP® Advanced Planning & Optimization (SAP APO) component
- Implemented consistent, automated, comprehensive processes for using SAP APO
- Performed supply chain forecasting and planning using multiple time horizons

The key benefits

- Single data set that supports a "single version of the truth" and "one-team approach"
- Ability to manage multiple issues simultaneously and optimize overall solution
- Improved use of resources for production, warehouse, and transport

Read more

TOP BENEFITS ACHIEVED

35%
Increase in direct shipments from factories

30%
Reduction in inventory over 4 years

9%
Reduction in stock movements to the national distribution center

See more metrics

"With the implementation of SAP APO, we have been able to fully integrate our planning processes and improve our forecast accuracy, inventory levels, and efficiency while supporting our growth."

Dave Eslick, Director of Group Operations Strategy, Britvic plc

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Integration across the supply chain planning processes

With operations in the United Kingdom, Ireland, and France, Britvic plc is one of Europe's leading soft drink manufacturers. Among its many household-name brands is Robinsons, Great Britain's leading squash brand. Britvic also exports to over 50 countries and has exclusive bottling agreements with PepsiCo in the United Kingdom and Ireland.

Overall Britvic has 12 factories and 3 distribution centers that it uses to produce and store the 1.9 billion liters of soft drinks it delivers annually. Minimizing the time that products spend in inventory, either in factories or distribution centers, is critical in reducing costs. Anticipating demand and responding to demand changes are very important in order to maximize revenues. Accomplishing these objectives requires skillful forecasting and planning, which in turn requires software tools well suited for the purpose. Six years ago Britvic examined the forecasting and planning tools it was using – a collection of spreadsheets and legacy business applications – and identified many needed improvements. The aim was to have a tool that was integrated with the company's chosen enterprise resource planning (ERP) system. This tool also had to support higher levels of automation and provide a single source of reliable data. Furthermore, it had to help optimize the use of all of Britvic's facilities by providing the information needed to make the best decisions about where to manufacture and store products.

> "We needed forecasting and planning tools that better supported our business expansion. We wanted to grow by working smarter, not by making expensive additions to our distribution infrastructure."
>
> Neil Brinkman, Group Operations Development Manager, Britvic plc

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Great planning software and processes to match

The need for a better forecasting and planning environment became obvious at a fortuitous time, just as Britvic was undertaking a massive implementation of the SAP® ERP application. The company considered other forecasting and planning systems but realized the importance of integration, not just within the solution but with the entirety of the business software. "SAP APO was clearly the best in terms of integration and functionality," reports Neil Brinkman, group operations development manager at Britvic.

Britvic selected a pair of implementation partners, SAP Consulting and HCL AXON, who collaborated harmoniously with each other and with Britvic during the implementation. The team essentially met its schedule and budget goals not just initially but several times afterward as it added SAP Advanced Planning & Optimization (SAP APO) component enhancements.

To make best use of the software, Britvic reengineered its forecasting and planning business processes and made them consistent company-wide. These processes are optimized for achieving efficiency using SAP APO.

"Through the use of SAP APO we have seen improvements in our planning processes," says Brinkman. "To illustrate, consider that the soft drink business is very weather sensitive. In the past, three or four weeks of high demand would have created problems and impacted customer service, but now, with better planning supported by SAP APO, we are able to retain control for a longer period."

"Although we are still on our inventory optimization journey, implementing SAP APO has enabled focused reduction in our inventory levels while we continue to meet our customer service aspirations."

Kevin Stedman, Group Operations Optimization Manager, Britvic plc

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Costs down, agility up

Using SAP APO and its tight connection to the rest of the SAP software, Britvic has integrated all aspects of its forecasting, demand planning, production planning, and deployment processes. There is a single source of data that everyone relies on. Costs are down throughout the supply chain, while the speed of bringing new products to market is up. Better information is available faster to decision makers. "I particularly like that we can use SAP APO to address multiple problems concurrently to arrive at an overall best solution," says Brinkman.

"We can also use it to figure out the best factory to manufacture a product, considering all important aspects – supply and demand proximity, other jobs going on in the network, differences in locality costs, and so forth. The application's alerts are also proving very valuable by providing warnings about impending events such as shortages or demand changes."

KEY BENEFITS

30%
Reduction in inventory over 4 years

15%
Increase in cases sold over 6 years using same network

9%
Reduction in stock movements to the national distribution center

25%
Increase in sales over 6 years using same network

9%
Increase in forecast accuracy

35%
Increase in direct shipments from factories

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Future plans

More functionality yet to explore

"Our challenge now is to continue to develop the use of the additional functionality available in SAP APO, including the tools to support our execution planning," Brinkman concludes. "One of the next tasks on our road map is to take advantage of its global availability-to-promise, transportation planning, and vehicle scheduling functions. We are also looking at enhancing the production planning solution to react faster and better to changes in customer demand. We may even adjust our production plans more frequently than our current weekly schedule based on analysis of customer demand. All this will bring us closer to our goals of satisfying customer demand in full with minimum investment in inventories and of supporting revenue growth without investment in network infrastructure. There is a long way yet to go, but we're very proud of what we have accomplished so far."

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