



CUSTOMER STORY

Melitta

Better S&OP Enables Improved Forecasting and Promotions

Introduction

The Melitta Group was founded in 1908 when Melitta Bentz received the patent for her invention, the world's first drip brew paper coffee filter. Ever since, the family-owned company has been innovating: the first vacuum-packed ground coffee in Germany, the first filter coffee maker, sandwich paper and aluminum foil as household wrapping. All these products laid the foundation for the company's global success. Today, Melitta is a group of companies that employs more than 5,600 people in 59 locations and 22 markets all over the world, generating revenue of 1.6 billion Euros in 2019.

Industry

- Consumer Goods

Solution

- Demand Forecasting & Planning

Results

- Standardized and centralized the collaborative planning process
- Integrated strategic planning and tactical operations (budget, sales plan and demand forecast)
- More efficiently manage promotions
- Continuously grow the active user base, including to users from commercial departments across several countries
- Increased statistical forecast accuracy by 3.2% (KPI: WMAPE) in the first six months after the pilot project in France

Challenges

Melitta Sales Europe (MSE), the division of Melitta Europe responsible for the sale of all consumer products in EMEA, had 14 local sales locations, using different planning and

forecasting processes for its 6,700+ SKUs. These represented a wide range of products from owned brands such as Melitta, Swirl, Toppits, Albal and Handy Bag and served nine finished good distribution centers. At MSE headquarters in Minden, the supply chain team wanted to devise a more efficient way to streamline processes and use company resources more sustainably. To do so, MSE set about reshaping the existing process, involving the concerned parties and enhancing this with the appropriate technology to achieve a state-of-the-art sales and operations planning (S&OP) process.

"Our existing technology couldn't support our S&OP efforts", explained Pascal Lamy, director of finance, controlling, supply chain and IT at Melitta Sales Europe. The different locations had been primarily using a self-developed solution for demand planning. To be more efficient, MSE looked for a specialist tool with domain knowledge in demand planning and S&OP that can better support its SKU proliferation and frequent product promotions.

MSE sought an advanced S&OP tool that would integrate the key account and financial perspectives, allow efficient management of promotions, support demand segmentation and enable a flexible planning hierarchy. The tool needed to support MSE's desired collaborative planning process: centrally created statistical demand forecasts are enriched with additional information from local demand specialists, regional sales representatives and external partners.

The tool also needed to be easy to use with configurable workflows and the ability to automatically detect demand exceptions or outliers.

After an evaluation process in which MSE evaluated eight system solutions, the company chose ToolsGroup Service Optimizer 99+ (SO99+).

SO99+ couples advanced analytics with probability forecasting and optimization with a single unified data model that spans strategic, tactical and operational planning. Its web-based demand collaboration hub (DCH) makes optimization accessible to the broad community of stakeholders involved in the S&OP process. For example, within an audit workflow multiple stakeholders from the region and the headquarters can fine-tune the demand baseline forecast by applying their specific market knowledge. Key account holders can add in monthly demand quantities or planned promotions.



We finally chose SO99+ from ToolsGroup because of its unique combination of high automation, advanced machine learning algorithms and its demand collaboration capabilities," said Benjamin Schulz, project lead at Melitta. "Further advantages were ToolsGroup's great ratings on analyst reports such as Gartner Magic Quadrant and the amazing spirit the team has shown in the pre-sales and POC process."

ToolsGroup Solution

Melitta's journey with ToolsGroup began in October 2018 with a business and planning requirement modeling project for a first pilot to be executed in France. The project was managed centrally at MSE headquarters and, building upon the existing S&OP process, involved key regional stakeholders on the ground. These included key account managers, local demand specialists, the key account director, the country manager, and also the global demand planners from MSE headquarters.

The ToolsGroup team supported Melitta during the business requirement modeling, the implementation process and the ERP system integration. Melitta uses a centrally hosted SAP ERP across EMEA.

After the S&OP pilot project in France was successfully up and running, MSE rolled out SO99+ to its Nordic subsidiaries and to the DACH region, its biggest European operation. Currently, about 50 users across the regions and headquarters are using the tool. Further rollouts planned for the near future include Poland, Belgium, the Netherlands, Spain, Czech Republic and the UK. It will also roll out the system to its distributors in EMEA countries where MSE does not operate directly.

"Displaying the demand forecast on different aggregations and in different dimensions like volume and value without any effort was already long awaited progress for us", said Jan Bertram, central demand planner. "Being able to modify it on any given dimension with a few clicks is really exciting."

Currently, France, the Nordics, the DACH region and the MSE headquarters in Minden are using DCH to run a monthly collaborative demand planning process. Local demand planners enrich the demand plan with regional information such as local market intelligence and promotion input, which is then pooled within the MSE. The MSE manages SO99+ statistical models centrally.

In a typical S&OP workflow at the regional key account level, assistants use ToolsGroup's DCH to input all information about upcoming promotions. Even if a promotion is just in discussion with a key account (for example a big supermarket chain), the information is shared to ensure everybody is prepared and ready to act if needed. In clearly defined time windows the input from the regional key accounts runs through an approval workflow. The local demand specialist uses the input to make edits on their forecasts, undergo exceptional demand management or audit the promotions. The regional key account management director and the country manager execute a budget gap analysis, track the sales activity performance or sign off on the procedure. The last step in the workflow is the monthly global demand meeting which involves the global demand planner from MSE headquarters along with all relevant vertical partners in the supply chain that benefit from the shared information. These include internal suppliers like the Melitta brands mentioned earlier that can then adjust their production and inventory accordingly.

Benefits

Though still in its early stages, the feedback from the different teams using SO99+ is overwhelmingly positive. Users across the regions have commented on DCH's ease of use, clarity of the user interface design and, most importantly, the insights that can be gained. Key account and sales teams value the integration of the demand forecast and budget, which provides much greater visibility into the forecasting process than before.

In general, SO99+ supports MSE's S&OP efforts in a way that had not been possible before, enabling the company to:

- Standardize and centralize the collaborative planning process
- Integrate strategic planning and tactical operations (budget, sales plan and demand forecast)
- More efficiently manage promotions
- Continuously grow the active user base, including to users from commercial departments across several countries
- Increase statistical forecast accuracy by 3.2% (KPI: WMAPE) in the first six months after go-live of the pilot in France

"Thanks to ToolsGroup we have been able to really standardize and centralize the whole S&OP process much more efficiently and with many more users than before", explains Ibrahim Cebban, supply chain manager Europe. "The combination of a leading system component with powerful algorithms plus an easy-to-use web interface to collaborate with our European commercial teams really unlocks full potential to be fully demand-driven."

+ About ToolsGroup

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