

CASE STUDY: INTEGRATED ORACLE DEMANTRA IMPROVES CUSTOMER SERVICE LEVEL FOR DIRECT SELLER COMPANY

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Project Highlights:

- Implemented Oracle Demantra Demand Planning solution with e-business suite for Direct Seller Company
- Improved Customer service Level by reducing the forecast error by 30% of the company's product forecasts by sales channel and product cannibalization.
- Seamless integration with Demantra and ASCP reduces the inventory position, and improves sensitivity of the safety stock planning process.
- Validating the COGS and Revenue model with One number forecast due to collaborative demand planning process
- End-to-End integration provide synchronized supply and demand information for Sales & Operation Planning
- Successfully completed deliverables on schedule, under budget with quality
- Lower total cost of ownership.

CLIENT

The client is pioneering in the direct seller and distributor of essential kitchen tools to discover the chef in you. As part of the **Berkshire Hathaway** family of businesses, The Pampered Chef® and its sales force of independent Pampered Chef Consultants offer multipurpose kitchen tools, easy recipes that offer dramatic results and simple mealtime preparation techniques to enjoy home cooking. The Pampered Chef is deploying a sales strategy with party plan and multi level compensation to consultants that sells high quality kitchen products through in-home shows.

The founder, Doris Christopher came up with a simple plan to offer professional-quality kitchen equipment directly to the consumers through in-home cooking demonstrations performed by a sales force of "Pampered Chef Consultants." This is a very unique sales model to show customers how the products work at places and even taste the results while capturing order. Now, there are over 60,000 Independent Pampered Chef® Consultants Worldwide serving over 12 million customers.

EXECUTIVE SUMMARY

TPC has 4 operating companies in domestic and international market. The forecasting process relies upon the basic inputs, supply chain network and shipping methods to distribute the products to customer. The supply chain network is an integral part of an effective distribution requirements planning. TPC employs a “Buy-To-Order” (BTO) strategy where most of the manufacturing operations are outsourced to supplier. TPC was using Unconstrained Planning (MPS/MRP) for their material and resources planning. Moving to BTO, CTO and ATO environment requires accurate and predictable planning of all the resources, lead time and local demand.

It is experienced that large number of orders are entered by consultants during the last week of the month. This is driven by monthly promotion, waiting for outside and guest orders, payment of commission, and last day of the month constraint. These factors create a lumpy demand in the last week of the month. The sales order are captured from manual, email, mail order, shopping on line and fax from the consultant. These transactional data are stored in a legacy system and interfaced with customized forecasting, Oracle inventory, financial, data warehouse and warehouse management system for shipping the products to consumer on time.

Considering the business requirements, existing transactional system and integration issues Nuous suggested interfacing local forecast from Demantra Demand Planning to Oracle ASCP for creating planned orders. A pilot implementation was done for few set of products and resources with EBS to automate the process of planning and scheduling. TPC was convinced with the fitment of Oracle Demantra and ASCP in a single instance in the pilot phase. The client needed to implement Oracle Demantra application and integrated with ASCP to get the desired customer service level by enhancing the accuracy of the company’s product forecasts, as well as, the sensitivity of the safety stock planning process.

Business Challenge

The client’s financial, sales and marketing; operations and management reporting are fragmented with separate set of objectives. It demanded an integrated approach to extract, transform, generate forecasts and align with budget information to management for decision making. The client needed professionally qualified consulting services to help them implement Demantra Demand Planning and Advanced Supply Chain Planning (ASCP) solution integrated with Oracle Financials 11i and Data-warehouse. There was

also a need to integrate financial forecast, cost and budget from the data warehouse reporting environment. This integrated solution offers total end-to-end ownership of the implementation phases and project management. That is where Nuous came in with highly skilled and experienced team of consultants and project managers to help the client achieve goal.

Key Challenges:

- Building the initial Model due to data complexities and sales model
- Effectively handling New Product Introduction, cannibalization and Promotion Forecast
- Reduce the Supply Chain Planning Cycle Time for quick response to customer's requirements by predicting demand.
- Communicate the most profitable and feasible plan to the respective process owners for their actions without any delay and error.
- Lack of Data Integrity in the source system lead to develop custom programs for sales channel and Product sales summary.
- Extraction, transformation and loading of Sales history from the Legacy Systems
- Single instance for Web enable Demantra and ASCP to enable collaborative planning
- Environment challenges during installation, shared resources from IS and competing business project to resolve the issues
- Diversified service offerings and proven skills including product installation, implementation and customization, application development, database administration, and ERP-implementation project management was required.

SOLUTION

Nuous conducted a full-scale study and documented as-is processes, to-be processes, operational procedures and information flows of TPC. The pilot was conducted to show the fitment and Gaps of Oracle Demantra and ASCP for each business requirement. Major features of Oracle Demantra were exploited to offer a best-fit solution with a user friendly collaborative user interface.

The system configurations, technical interfaces and functional setups for Oracle Demantra and ASCP were clearly identified with fewer customizations to accommodate some business requirements and make the application user-friendly and maintainable. Each activity of the project were carefully planned following best practices of project management and executed with minutest precision not to disturb Client operations.

KEY DELIVERIES:

- Strategy, design and development of the data ETL and conversion programs
- Defining the minimum required data to use the existing Oracle Data Model
- Analyzed the Sales Channel and recommend the most effective channels for Forecasting
- Develop time dependent data series to support business requirements and support Conference Room Pilots
- Development of the interfaces with Data warehouse and integration with Oracle 11i applications
- Implementation of the integrated Demantra and ASCP application
- Support for Production Go-Live and sustaining activities
- Training the super user

ACHIEVEMENTS

This was to be accomplished in a tight schedule and budget, which required Nuous to leverage its partnership capabilities and rich experience in delivering quality output, maintaining high team productivity through professional project management. The forecast error for Class A and Class B items was reduced over 30% by sales channel. The service level is improving day by day significantly by enhancing the accuracy of the company's product forecasts, as well as, the sensitivity of the safety stock planning process.

The success of this project has positioned the client to be competitive, sensitive to lumpy demand, new products, cannibalization and promotion and well informed to make right decisions. This is the stepping stone for future sustaining, maintenance and enhancements.

The real-time demand forecast management, reducing the forecast error by 30% and one number forecast led to improving customer service level, better in operational planning efficiency, flexibility and synchronize with the financial budget.