



CORPORATE TRANSFORMATION SERVICES | DIGITAL USING DATA TO INCREASE SUPPLY CHAIN EFFICIENCY AT A GLOBAL PACKAGING COMPANY

Introduction

Alvarez & Marsal (A&M) was engaged by a leading global packaging company to help create a robust, data-driven sales and operational execution (S&OE) process for its business.

With a much shorter tactical horizon than sales and operational planning (S&OP), S&OE has emerged as a focus area for many organisations, helping supply chain teams adapt quickly to disruptions and keep sales, supply and production on target.

The need to establish a new S&OE process arose as the packaging business experienced a series of short-term supply chain problems, including missed operational and financial targets. These issues were amplified by wider macroeconomic challenges that were starting to hit the company, including rising inflation and Covid-related labour shortages.

Poor data visibility and inefficient communication were the main reasons behind the shortfalls. To address this, the A&M team developed a data-powered S&OE framework that together with the client enabled agile and aligned decision-making between the different supply actors, with immediate impact on key performance metrics.

The business challenge: poor data causing supply chain hiccups

The client's existing S&OP practices were overstating the potential for orders planned to be shipped and invoiced during the month. Often, monthly volume estimates were short of target by 10%-15%, and the shortfall would not be known to relevant stakeholders, such as the sales or finance teams, until three days after month-end closing.

The inability to accurately forecast finished goods was ultimately as a result of data transparency and appropriate follow-up by functional teams. Vital supply chain & production data existed in silos and was collected in different ways, stored across multiple systems and controlled by separate departments. Consequently, the required data was not shared among different functions within the business, preventing decision-makers from identifying issues and taking timely corrective action.

For example, if the mismatch was detected sooner, scheduling, ordering, sales and transport adjustments could have been immediately made to bridge the gap. Instead, over time, the inaccuracy was creating supply chain hiccups including an excess in inventory and delivery delays. These problems were negatively affecting the level of customer service and ultimately hurting business profitability.





A&M solution: using data to streamline operational execution

We helped the client reverse this scenario by putting in place a new S&OE process which established new standards and responsibilities across the departments. We also created and implemented a data-driven tool to empower the new process and eliminate informational blind spots, in short, we created the tools and process for managing short term impact.

Our approach consisted of the following key actions:

DATA-POWERED DASHBOARD



We developed a digital tool for the client that collects and aggregates data from its different supply chain activities into one single source of truth. The daily dashboards track orders in near real-time, providing stakeholders with a snapshot of the reality of the internal supply chain. The smart tool algorithmically identifies exceptions to spot issues early, allowing them to be addressed before deadlines were missed. As well as an improving the quality the data itself, the dashboards also turned previously obscure data into something that was visually appealing and therefore easier to read and use. This means stakeholders can visualise and utilise; meaning different teams can speak the same language and have more meaningful relevant – and actionable – and action-oriented discussions.

“WAR ROOM” MEETINGS



We implemented these meetings to provide a checkpoint for supply chain operators and other business leaders to review actual orders versus the short-term forecast, ultimately ensuring planning and execution remained aligned. These meetings rely heavily on the dashboard data provided by the new tool. They offer an opportunity to define corrective actions and more granular fine-tuning, including the assigning of clear responsibilities and timeframes. Having the right people in the room leveraging smart and easy-to-read data, resulted in more collaboration between front and back-end, both on the demand and supply sides.

QUICK ROLL-OUT AND TRAINING

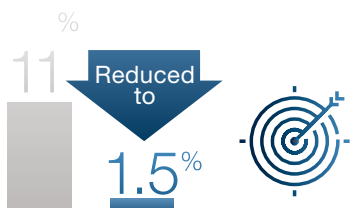


After we initially helped pilot the project in two of the client's sites in Europe and in the US, but didn't stop there. Then quickly after implementing the prototype, the approach was rolled out, deployed at scale across the business' to over 30 manufacturing locations across in North and South America, Europe and Asia. The A&M team conducted workshops to train over 100 stakeholders on the usage of the data tool and the “War Room” meeting approach. At the end of this process, the data analytics tool was embedded into the company's IT infrastructure on a permanent basis.



The results: fewer financial surprises, more optimised costs

The client saw significant operational and financial improvements following the introduction of the new S&OE approach. The snapshots provided by the data tool allowed planners to make adjustments to critical functions across its supply chain, with benefits including:



Sharper financial forecasting

There have been fewer financial surprises as forecast accuracy has improved markedly, with target miss rate reduced to 1.5% from 11% previously.

On-time, in-full (OTIF) scores improved



Better order fulfilment

On-time, in-full (OTIF) scores, a key metric to gauge the success of a company's customer delivery process, improved by 11.5% in the three months after the implementation.

Inventory levels declined around



Saving €35 million

Inventory reduction

With more orders being delivered on time, inventory levels declined around 15% six months after implementation, saving the business the equivalent of €35 million.



Reduction in lead times

Boosting
customer satisfaction

Shorter lead times

Improved order fulfilment led to an estimated 15% reduction in lead times, boosting customer satisfaction.

Supply planning in line with the wider business' targets



Optimised operational costs

By keeping daily supply planning in line with the wider business' sales and financial targets, operational costs are maintained at an optimal level, maximising margins.

Shifted mode from



More collaboration

Enhanced visibility enables stakeholders in the value stream to take more collaborative decisions. Teams shifted from a constant "firefighting" mode to a more proactive one, with clear benefits for the organisation.

How can A&M help?



Our team of experienced operators and data scientists are equipped to help companies not only generate insights from existing data but assess, prioritise and roll out solutions at scale to achieve maximum return on investment, as quickly as possible. We work with clients to implement and train large teams, building strong business processes and decision-making that are complimentary to the new data and digital tools.

Contact us today to learn how A&M can tailor these ideas to your business objectives and deliver tangible, sustainable results.



A&M: Leadership. Action. Results.SM

A&M Digital helps organisations unlock trapped value by bringing together the capabilities, technology and talent needed to incubate, launch and scale digital products, platforms, and businesses while reducing costs and creating efficiencies within your operations.

We provide end-to-end digital services that release the power of data and AI. Our approach helps businesses create digital experiences, accelerate digital growth, modernise technology and automate operations. Our clients are empowered to generate and use actionable insights to build the digital talent and culture needed to win against the disruptions they face in their respective industries.

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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 7,500 people across five continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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