



Improving Customer Service at Grupo Gamesa

Grupo Gamesa's product variety continues to increase, and new product introductions are key to the company's continued success. Product lifecycles are also being drastically reduced, and the company faces increasing price pressure in the global market.

The company must also deal with shortages and long lead times for critical packaging materials, increasing raw material prices, unpredictable margin visibility due to wheat price fluctuations, and a volatile economy.

In an effort to move toward a more just-in-time environment, Gamesa's customers are reducing stock and limiting shelf space. To meet these challenges and to acquire a greater share of markets where it does not yet dominate, Gamesa needed to improve its product and service consistency, flexibility, and speed.

The company's objectives are to optimize the size of its inventory and improve product innovation and freshness to manage its large demand variability. In addition, it wants to overcome a slow and complex promotion coordination process and unreliable forecasts, and deal with network management organizational issues.

Why i2?

Gamesa chose i2 Supply Chain Management™ (SCM)—specifically i2 Supply Chain Planner™—for its advanced integration of the entire value chain planning process and its flexibility to support Gamesa's complex manufacturing and distribution network.

"Today, competition is between supply chains, not among companies," says Miguel Chávez, Director of Logistics at Gamesa. "Supply Chain Planner will allow Gamesa to organize customer service by region and to reduce our planning cycle time—resulting in better customer service."



Challenges

- Maintain and broaden customer base
- Manage large demand variability
- Overcome slow and complex promotion coordination process and unreliable forecasts

Solutions

- Model manufacturing and distribution network
- Plan material and capacity concurrently and fast
- Utilize "what-if" simulation capability

Results

- Reduced planning cycle time from 4 days to 1.5 days
- Reduced packaging material inventory by 50%
- Doubled its customer service performance for the same production level as last year

Company Description

Grupo Gamesa is a subsidiary of the PepsiCo Company. Gamesa is a leading producer of cookies and crackers in Mexico with more than \$500 million in gross annual sales and more than 10,000 employees. The company operates six plants, 12 distribution centers, and 96 local warehouses.

i2 solutions enable consumer goods companies to simultaneously optimize and monitor inventory; reduce costs and risks through integrated sourcing, negotiation, and procurement; and improve customer service levels and reduce fulfillment costs through multi-division and multi-channel order management.

Additionally, consumer goods companies use i2 solutions to minimize transportation costs and increase service levels through integrated transportation procurement, planning, execution, and monitoring.

i2's Contribution

Gamesa implemented i2 solutions across its entire manufacturing network of six plants in only eight weeks—half the time the company anticipated it would take for implementation at a single plant. It is using these new capabilities to create material and capacity-feasible plans for its manufacturing operations to provide visibility into the coordination of packaging materials arrivals from suppliers and baking times for cookies. The “what-if” simulation capability of i2 software solutions enables Gamesa to weigh several planning options for more intelligent decision-making.

“Supply Chain Planner enables Gamesa to model our complex manufacturing and distribution environment and to make rapid decisions that maximize constraints and improve customer service.”

—Miguel Chávez, Director of Logistics, Grupo Gamesa

Further, i2 solutions will enable Gamesa to customize its customer service by region and to respond quickly to changes in demand, reducing its dependence on costly inventories and their associated risk of obsolescence.

i2 solutions' flexibility enabled Gamesa to merge its disintegrated “islands of automated excellence” into a single integrated decision-support environment.

i2 solutions also allowed rapid implementation and integration with Oracle GEMMS—Gamesa's new transaction system—and with proprietary legacy systems developed in-house, reducing the time needed to obtain bottom-line results.

Grupo Gamesa's Results

“Supply Chain Planner has been key in Gamesa's re-engineering process,” Chávez said. “So far we have achieved at least a \$3 million impact to our cash flow.”

Gamesa has already reduced its planning cycle time from 80 hours to only 24 hours and has reduced its packaging material inventory by 50 percent. The company has also doubled its customer service performance.

In the future, the company will utilize i2 solutions to plan its extended value chain—from suppliers to customers—and to reduce transportation costs by optimizing surplus capacity. The company also plans to integrate its demand planning process with its manufacturing and logistics planning processes to improve its accuracy and to better manage promotions.

“Supply Chain Planner enables Gamesa to model our complex manufacturing and distribution environment and to make rapid decisions that maximize constraints and improve customer service,” Chávez said.



The Supply Chain Company

11701 Luna Road
Dallas, Texas 75234, USA
Phone 1.877.926.9286
Email info@i2.com
Web www.i2.com