i2® The Supply Chain Company®

Gaining Global Visibility at Sanitarium Health Food Company

Faced with serious deficiencies in its planning and scheduling system, Sanitarium Health Food Company enlisted i2 solutions to automate and streamline its value chain management operations. By implementing i2 solutions, Sanitarium has elevated customer service, increased forecast accuracy, and gained visibility into its value chain.

Allergies, special dietary needs, weight loss goals, and lifestyle choices have led more and more people throughout the world to seek out health foods. This means that the companies producing health foods must continually develop new, value-added products, while working to meet the needs of their customers.

With operations in Australia, New Zealand, Canada, the United Kingdom, and parts of Asia, Sanitarium Health Food Company, which manufactures 400 SKUs for 3,000 customers around the world, must understand and respond to the health food market on a global scale.

Upon close examination of their value chain management operations, Sanitarium's executives found serious deficiencies in the company's planning and scheduling system. Sanitarium's planners had been using a time-intensive process involving spreadsheets and databases to determine demand. Additionally, Sanitarium was unable to forecast across all product lines, and the forecasts that were available were often inaccurate.

"We formed a team to look specifically at our supply chain planning processes," said David Goodin, Sanitarium's Supply Chain Manager. "We were absolutely horrified as we put together the results."

THE HEALTH FOOD COMPANY

Sanitarium®

Challenges
- Replace time-consuming manual planning and scheduling system
- Enable forecasting across all product lines
- Develop more accurate forecasts

Solutions
- Add visibility across the entire enterprise
- Forecast across all product lines
- Create a total supply chain plan that includes product development, production planning, and materials planning

Results
- Increased forecast accuracy
- Decreased forecast cycle time from 1 week to 2 hours
- Decrease inventory

Company Description
Sanitarium Health Food Company is Australia's leading producer of health foods, with annual sales of approximately US$145 million. Founded in 1898, the company also produces and distributes soy beverages and frozen foods.

"With i2 Demand Planner, we're able to work toward making sure we've got the right product at the right place at the right time for our customers, without having to carry lots of inventory."

—David Goodin
Supply Chain Manager
Sanitarium Health Food Company

THE HEALTH FOOD COMPANY

Sanitarium ®

Why i2?

After a rigorous nine-month survey of solution providers, Sanitarium selected i2 Supply Chain Management™ (SCM) to address its value chain management needs.

Sanitarium chose i2 solutions over products from such vendors as SAP and Manugistics.

"We told SAP that we wanted to look at their advanced planning and optimization software. They couldn't show it to us," Goodin said. "All they could demonstrate was some screenshots. But they couldn't show us any product. We were not prepared to wait. I've talked with other companies in Australia who were going through that same process and who decided to wait—and they're still waiting."

i2's Contribution

Sanitarium chose i2 Demand Planner™ and i2 Supply Chain Planner,™ from the i2 SCM suite of solutions, to create statistical forecasts while considering all promotional activities.

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.

"In the past, we had no idea of the impact of promotions on our levels of stock with our distribution centers until we actually ran out of product," Goodin said. *"Now, we can see when there's a problem because Demand Planner is highlighting the exceptions."*

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

Sanitarium's Results

Almost immediately after implementing i2 solutions, Sanitarium's planners gained visibility across the entire business. That visibility, in part, is helping the company to see future demand on each distribution center. The company's overall forecast accuracy — and customer service — has also increased.

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In the past, it took a supply chain manager nearly a week to manipulate data from various sources to generate a production plan. That same plan now takes two hours, thanks to i2 solutions.

i2 solutions are also helping Sanitarium tackle its inventory problem. In the past, the company built up massive stock levels to ensure product availability, but that practice proved too costly.

"With i2 Demand Planner, we're able to work toward making sure we've got the right product at the right place at the right time for our customers, without having to carry lots of inventory," Goodin said. "And as we work with our customers and they see that we're becoming more dependable, they will reduce their inventory holdings."

By tightening its business processes with Demand Planner and Supply Chain Planner, Sanitarium is better able to manage its own promotions, and to capitalize on its competitors' supply chain problems.

"When we discover that the competitor's promotion hasn't come off because they didn't have the material, there's an opportunity in the store to promote one of our products," Goodin said. "We guarantee to get back to you within two hours to tell you whether we can take that hot deal on board."