



CASE STUDY

Recipe for Success

JDA Solutions Prove the Perfect Ingredients to Help Butterball Improve Its Forecasting and Replenishment Processes

OBJECTIVE

Shift from short-term demand and replenishment planning to a longer-term view, while also considering product perishability, demand seasonality and the effect of promotions.

SOLUTIONS

- JDA® Demand
- JDA® Fulfillment

SERVICES

- JDA Support Services
- JDA Technical Services

REAL RESULTS

- Exceeded year-one cost savings estimate by 75 percent
- Reduced distressed obsolescent inventory by 28 percent
- Improved short-term forecast accuracy by 2 percent
- Decreased bias in the long-term forecast by 50 percent
- Reduced manual work and increased planning efficiency

As the most recognized name in turkey, Butterball produces a billion pounds of products every year at five facilities in North Carolina, Arkansas and Missouri. The company ships these products to the 98 percent of American grocers that carry part of the Butterball line, as well as retailers in more than 30 other countries.

According to Dean Lisenby, director of demand and supply planning at Butterball, the business has established a 50-year reputation for excellence based on three key strengths. "From a marketing perspective, we're focused on meeting consumer needs through consumer insights, product innovation and outstanding quality," said Lisenby. "From a sales perspective, we're focused on building the right relationships with the right customers and becoming the category driver. From an operations perspective, we're focused on optimizing product delivery to our customers — providing them with what they want, when they want it, in an efficient and effective manner."

Because of the seasonal and promotion-driven nature of many of its products, as well as the fact that every product is date-sensitive, Butterball faced a number of significant supply chain challenges. In order to delight customers, preserve product freshness and minimize obsolete inventory, the company needed to forecast at a very high level of accuracy, as well as improve its date-sensitive inventory management.

Butterball turned to JDA Software for help in managing its complex forecasting and replenishment challenges. "Butterball evaluated three different software companies before choosing JDA. We wanted to invest in a system that would enable us to improve our short-term and long-range forecasting processes, as well as get a better understanding of our date-sensitive inventory," said Lisenby. "We chose JDA because we felt they best fit our business needs."



“JDA has helped us gain a competitive advantage through proactively planning our capacity, shaping our demand and understanding the seasonality of our business.”

Dean Lisenby
Director of Demand and Supply Planning
Butterball

Meeting Specialized Retailer Needs

Since implementing the JDA solutions, Butterball has achieved a dramatic transformation in its foundational approach to forecasting and inventory management. Previously, the company’s processes were very labor-intensive, and now it is able to work much more efficiently.

“Our planning processes prior to the JDA implementation were focused on the short term, and required a lot of manual data manipulation, which wasn’t a productive use of our planners’ time,” Lisenby noted. “After going live with JDA Demand and JDA Fulfillment, our processes are more focused on exception monitoring, longer-range planning and demand shaping.”

The JDA solutions, which are part of JDA’s Intelligent Fulfillment™ suite, have also helped Butterball address product perishability, an important factor in the company’s planning processes. Meeting retailers’ different service-level expectations and product freshness requirements adds a layer of planning complexity to Butterball’s supply chain that if not managed well can lead to a risk of obsolescent inventory and unhappy customers. From a date-sensitive inventory management perspective, planners can now modify Butterball’s forward-looking plans to minimize any excess product and ensure customer satisfaction.

Another key to Butterball’s successful implementation is the ability of the JDA tools to address both product seasonality and promotional effects. Planners can now be more proactive in addressing seasonal capacity requirements, which has improved its customer service levels. “JDA’s patented forecasting algorithm has helped us understand both our seasonal forecast and our long-range forecast,” he explained. “We have the ability to separate our normal demand from our promotional demand streams.”

Cooking Up Real Results

According to Lisenby, Butterball has achieved significant day-to-day performance benefits as a direct result of the JDA implementation. “The measurable benefits include a 28 percent reduction in our distressed obsolescent inventory, a 2 percent improvement in our short-term forecast and a 50 percent reduction in our long-term forecast bias,” Lisenby said.

Those performance enhancements have resulted in real financial savings for the company. In fact, at the beginning of the project Butterball estimated the cost savings it would achieve in the first year — which it has since exceeded by 75 percent.

Less tangible, but equally important, is Butterball’s improved competitive stance in its challenging grocery categories. Butterball has expanded vertically and is better positioned to anticipate and respond

quickly when market dynamics change. Today, the company can proactively plan capacity, manage inventory, balance inventory risks, shape demand and allow its resources to expand horizontally to perform above and beyond their basic supply chain management tasks.

The JDA technology implementation supports a vendor managed inventory (VMI) model, which can be used by Butterball to provide value-added services — such as differentiated offerings or improved collaboration — to retailers. The company has already leveraged this technology to create a VMI replenishment model with a key customer. Lisenby notes that this increased level of retailer collaboration is providing the building blocks to further expand Butterball's demand network. "The JDA solutions have enabled us to improve customer service levels and our vendor managed inventory services," he said.

JDA and Butterball: A Great Pairing

In addition to leveraging the special capabilities of JDA solutions, Butterball also partnered with the JDA Services team during the implementation process. "We worked with JDA Support Services and JDA Technical Services," said Lisenby. "When an issue was identified, the JDA team worked diligently to resolve it. The combined effort of our two organizations helped us deliver the project on time and within budget. Working with JDA has been a win-win situation. They have been a great partner."

Today, Lisenby credits Butterball's JDA software with helping the company create a brighter future. "JDA has helped us gain a competitive advantage through proactively planning our capacity, shaping our demand and understanding the seasonality of our business," Lisenby said. "By expanding our supply chain resources, both vertically and horizontally, we are better positioned to plan and respond to the dynamic market changes that characterize our industry."



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