

## **DDMRP: Significantly improving Customer Service Levels into the 21st century**

Ever wondered why most forecasts and customer service miss the mark, some by metres but many by a mile? According to author and Demand Driven Material Resources Planning (DDMRP) guru Carol Ptak, it's because the formal planning systems that most people use are fatally flawed.

How so? In essence, it's because they use history as a basis for planning the future. But, the good news is that by going to greater lengths to understand the new concept of DDMRP, one can begin to service customers with greater levels of accuracy than ever before with shorter lead times and with reduced levels of inventory even in an FMCG context!

"Demand Driven MRP is a powerful way to create flow in the supply chain, one of the major issues that companies face in an increasingly competitive and more complex environment" says Steven Montgomery General Manager of Logistics of ABE Construction Chemicals. "It does this by remodeling your supply chain through strategic positioning of inventory and linking to a pull from customer demand, instead of the traditional push and promote methodology found in many companies today" he explains.

### ***Forecasting and DDMRP in an FMCG environment***

The insights of Montgomery and many other experts in forecasting and DDMRP will be available to you at the SAPICS 2015\* conference, taking place from 31 May - 2 June at Sun City. Here's a foretaste of what you'll be able to learn over just a few days.

### ***Forecasting & FMCG***

During his talk entitled: Forecasting lessons from FMCG aisles, Barnton MD Thinus Hermann will take participants on a virtual trip to a grocery store, pointing out the insights that can be gleaned there. "There's lots to learn in every aisle, comparing the behaviour of different pack sizes of the same product, across a range of products," he says. "And just when you think you've got it all figured out, I'll challenge you to dig deeper into sales in the take away industry, which helps us refine forecasting month ends amongst others."

An excellent case study on the Shoprite transformation over the past 20 years will be presented by Industrial Logistic System' co-founder, Gary Benatar. The presentation tracks the journey since Shoprite adopted central distribution in 1993 as a key strategy to growth and efficiency for the consumer. "Participants will learn exactly how the strategy was implemented, how it has evolved and matured to allow Shoprite to become the largest retailer in SA and in Africa," he says. "If you want to learn how Shoprite succeeded in totally reengineering the FMCG market space with respect to supply chain, don't miss this talk!"

### ***DDMRP and the Journey towards Supply Chain Maturity***

Creating 'flow' in supply chain is a function of its ability to create network wide visibility, and most importantly, a conscious effort to move towards a culture of planning and demand driven systems.

In his paper on ABE Construction Chemicals' journey to true customer excellence, entitled DDMRP and the Journey towards Supply Chain Maturity, Montgomery will look

at DDMRP in the context of a journey.

“The first thing participants will learn is how to put some fundamentals in place: Defining demand; getting visibility on over- and under-stock positions; seeing the implications of a bi-modal stock distribution. These initial steps show what a company might need to get in place before they approach a DDMRP implementation,” he says. “The talk will also describe the role that supporting systems and methodologies have played in the journey to customer service improvement and our continued efforts to drive our business to new heights which we believe can be achieved through a successful DDMRP implementation.”

### ***Supply chain simulation***

With a solid theoretical foundation in place, management consultant, MD at Life Science Associates and partner at Production-Scheduling.com, Kien Leong will run a simulation of a supply chain planning system using DDMRP.

“Demand Driven MRP is designed to support material and inventory planning at a full scale of operation. This means addressing hundreds of products, produced and purchased items,” he says. “To deploy DDMRP in the real world, you will need the help of computers to manage all of that information. This workshop will give access to such a planning system.”

During the simulation, participants will have a go at making important decisions on selecting product families and Buffer Profiles. “The planner needs to choose a method to determine Average Daily Usage (ADU), Planned Adjustment and Variability Factors,” he says. “These inputs will then determine how well the DDMRP system will perform.”

Bringing it all together with three in-depth case studies will be Erik Bush, CEO of Demand Driven Technologies. “Today, nearly every home in the United States has a product in it that passes through the Unilever DDMRP implementation,” says Bush, referring to the kinds of insights participants will gain from attending his talk.

Delegates will also learn from a range of case studies from some of the best known global organisations.

***Want to find out more? Catch these speakers and more at SAPICS 2015\*. For more information on the 37th Annual SAPICS Conference & Exhibition, being held at Sun City from 31 May – 2 June 2015, please visit <http://conference.sapics.org/>***  
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### ***ABOUT SAPICS – your supply chain network***

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excellence in individuals and enterprises through superior education and training, internationally recognised certifications, comprehensive resources and a countrywide network of accomplished industry professionals. This network is ever expanding and now includes associates in other African countries.

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### ***ABOUT APICS***

APICS is the leading professional association for supply chain and operations management and the premier provider of research, education and certification programs that elevate end-to-end supply chain excellence, innovation and resilience. APICS Certified in Production and Inventory Management (CPIM) and APICS Certified Supply Chain Professional (CSCP) designations set the industry standard. With over 37,000 members and more than 250 international partners, APICS is transforming the way people do business, drive growth and reach global customers. APICS is based in the USA and has a broad global footprint.

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### ***About Kien Leong***

Kien Leong is a partner at Production-Scheduling.com and a management consultant with a focus on operations and supply chain. He helps manufacturing and distribution companies improve their customer delivery performance. Kien is co-developer of the Fast Excel Development Methodology, the leading method for building planning and scheduling systems using spreadsheets. He works to build and customise supply chain planning systems for manufacturing and distribution companies in a wide range of industrial and consumer sectors.

Kien also holds the position of Managing Director with Life Science Associates, a consultancy focusing on operational excellence in pharmaceutical and biotechnology. He helps companies like Johnson & Johnson, Lonza Group and Ipsen reduce their product development and production cycles.

### ***About Thinus Hermann***

Thinus Hermann has, for the past 20 years, implemented Advanced Planning Systems at major FMCG brands including Clover, Danone, Tastic, AVI (National Brands, Indigo and CIRO, L'Oreal, SAB Miller Africa, Famous Brands, KFC and GUD. As a forecasting expert he has consulted to Capespan, Clover and its logistics principals, and Vector Logistics. There is, in fact almost no FMCG aisle that Thinus has not personally analysed or forecasted sales for. His broad understanding of a wide range of categories has led him to create this set of practical guidelines, to assist demand planners to make critical decisions. From when to forecast in monthly, weekly and daily buckets to how to handle events and month ends; when to bother looking at external events such as weather and price differentials, to when and how to bring customer level forecasting into demand plans. And, how to leverage the better trends at higher levels.

### ***About Gary Benatar***

Gary began his career by consulting and doing research work at the WITS University

Materials Handling Research Unit. He then went on to establish a Materials Handling Industrial Engineering Division for BS Bergman and Partners. In 1987 he co-founded Industrial Logistic Systems (ILS) with Martin Bailey. ILS has grown to one of the prestigious and largest consultancies in South Africa in the supply chain with particular emphasis in the retail field. They undertake projects in Europe, Middle East, Asia and Australia, in addition to the work in Africa and South Africa. ILS is recognized as South Africa's leading independent consulting company specializing in logistics, supply chain management, distribution, materials handling and warehousing.

#### ***About Steven Montgomery***

Steven is currently the General Manager of Logistics and member of the Executive Committee at ABE Construction Chemicals, a member of the international Chryso Group. He currently looks after the national portfolio of warehouses (9), primary and secondary distribution, order processing department as well as the planning department for ABE.

Steven previously worked as a Supply Chain Consultant and Project Manager at Volition Consulting Services (now Resolve Solution Partners), where he was involved in projects across the supply chain including planning, warehousing, systems and distribution. During his tenure at Volition, Steven consulted to Toyota, Clover, Brandhouse, Kelloggs, Fast 'n Fresh, Sasko etc. Steven has 9 years of supply chain experience and is a Certified Supply Chain Professional (CSCP).

#### ***About Erik Bush***

Erik Bush is the Chief Executive Officer of Demand Driven Technologies which provides Replenishment+® - the market's first Demand Driven MRP compliant software solution. Since forming the company in 2011, Erik has led the rapid growth and expansion of Replenishment+® in the market. Erik spent the bulk of his career with IBM. He retired in 2010 after 31 years of experience with the company, the majority of which was in executive and management positions. Most recently, he was the executive responsible for the rapid growth and expansion of IBM's network of GBS Global Delivery Centers. He led the implementation of sweeping changes which resulted in improved client service and substantially enhanced capabilities. Erik also served as the Vice President of Operations for IBM's Global Business Services units in Europe and the Americas.

Erik has extensive experience working with clients in the production and distribution industries. He led the development of unique solution capabilities for Industrial Sector clients. He is deeply committed to delivering tangible and sustainable benefits to each and every client and leads through a pragmatic and results oriented approach. Erik holds a BS degree in Economics from Miami University of Ohio.