

The impact of it on logistics integration case study examples

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A Case Study of Sunsweet Growers

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The use of information and technology to optimize supply chain management processes has gained tremendous pace over the last decade. The deployment of sales and operations planning or SOP programs can help an organization integrate functions for higher levels of control and management. However, the challenges posed to a supply chain and the consequent effectiveness of technological integration is determined by a number of variables that vary between organizations.

Sunsweet Growers operates in the dry fruits industry. The production of dry fruits is highly volatile, while the demand for dry fruits remains more or less constant throughout the year, although there are seasonal peaks such as the Christmas/ New Year holiday season. Hence is it's a major challenge for producers and suppliers to main an optimum level of inventory to cope with excess as well as under production. The organization purchases shelf space in advance and needs to ensure that they are constantly filled in order to be optimally utilized. While the company is committed to supplying its products, its profit margins are subject to the changing buyers' clout.

Furthermore, scheduling and planning of production poses a separate challenge. The fruits that the company supplies are produced at certain times of the year while its production plants are operational all year round. The time taken to harvest, dry, process, pack and ship the fruits needs to be timed in keeping with demand, particularly to meet peak season hikes. In addition, the company offers a diverse product range being sold in over 20

countries. Any effort to maximize efficiency through the streamlining of the supply chain, be it the increase in the lead time of orders or the reduction of transportation cost and inventory, needs to be made after taking into consideration all these variables and more.

In order to effectively manage its supply chain and integrate its logistics and operations functions, Sunsweet growers realized the need for the implementation of an efficient SOP program. The organization had already evolved from using paper based management systems to using Excel spreadsheets to manage data. However, as the business grew, so did the data management requirements and scope for human error. Spreadsheets were also difficult to integrate and share across functions and were not adaptable to change. Hence, the organization chose to implement a state of the art Zementer SOP solution that offered standardization of reporting, tracking and planning.

Sunsweet Growers identified five key steps that needed to be addressed in order to optimize its supply chain, namely: a) visibility of demand, b) planning to meet demand, c) controlled inventory, d) controlled supply, and e) defined scheduling .

a) Visibility of demand: The company had faced a challenge in mining spreadsheets from various functions for relevant data and then analyzing it to gain meaningful information. Through the implementation of the SOP, it was able to draw up a comprehensive, near real time reporting and analysis system that facilitated efficient demand forecasting. Different groups within the organization were able to view data at any given time and were hence able to immediately understand the current state of affairs across the

organization. Automation also resulted in reports being drawn swiftly with minimal manual effort. Through the implementation of the SOP, various functions of the organization were integrated and were able to work together as a group to effectively identify and forecast demand.

b) Planning to meet demand: Having an effective demand forecasting system allowed planners to accommodate changes in price as well as supply. Knowing what to expect in the near future enabled them to draw up demand plans that could be shared with and followed by all functions. Any changes detected by the forecasting system could help planners to alter the demand plan and simultaneously share it with all parties involved in the supply chain. This not only reduced the response time to demand change, but also focus its efforts on products that expected most demand. Being able to identify issues and take steps to correct them, Sunsweet Growers could streamline production, shipping and shelf space purchases in order to reach its financial goals.

c) Controlled Inventory: The company was able to better manage its stocks as production changes, slow moving products and supply needs could be forecasted more accurately, allowing for optimum levels of inventory to be maintained.

d) Controlled Supply: The company was able to forecast the supply needs over a period of 15 months. As such, instead of paying overtime to workers to meet seasonal demands, the company was able to utilize off peak times to produce sufficient amounts to meet peak season demands. Not only did this lead to stable supplies but also to the standardized use of labour.

e) Defined Scheduling: This step was taken to streamline the day to day

operations across the companies units to enable schedulers to evenly cope with restrictions arising from fruit size, availability of material, shift planning, downtime and overtime planning, and other everyday constraints. Through this implementation, the company was able to further optimize its operations.

Works Cited

Upton, H., & Singh, H. (2007). Balanced S&OP: Sunsweet Grower' Story. *Supply Chain Management Review* , 11 (2), 51.