Demand Driven World

Sebastian Peters
VP Global Supply Chain
11.10.2018
2013: BSH had no overall SCM-responsibility

- Board responsibility
  - CFO
  - CTO

- Source
  - Central purchasing (CFO)
  - Business unit purchasing (CTO)
  - Factory purchasing (CTO)
  - Material Planning (CTO)

- Make
  - Supply Planning
  - Factory logistics
  - Inventory Planning
  - S&OP per business unit

- Deliver
  - Warehousing, Outbound logistics
  - Demand planning
  - Inventory planning

Supply chain planning per business units (CTO), demand planning per local subsidiary (CSO), supply chain operations per business unit

No overall process responsibility!
2015: New BSH Global Supply Chain Organization

Strategic Purchasing

Commodity Management
Category Management
Indirect Categories

Supply Chain Operations

Supplier Management
Demand Supply Management
Logistics
We steer the BSH supply chain with an end-to-end value stream perspective
IM Pulse – e2e Supply Chain Project | Motivation

SUPPLY
- Supplier problems, disruptions & force majeure
- Capacity restrictions & bottlenecks
- Longer lead times
- Quality issues

DEMAND
- Demand fluctuation & seasonality’s
- Short term demand
- Forecast bias and accuracy
- New distribution channels (D2C) & customer needs

Supply Chain Mgmt.
- Necessary e2e process improvements to balance availability & stock (service & costs)
- Increased opportunities for digital solutions
Transformation to a pull driven Supply Chain

MRP World/Push

Deterministic Planning/Execution

- Factory
  - Local Planning
    - Execution
- Central Warehouse
  - Local Planning
    - Execution
- Regional Warehouse
  - Local Planning
    - Execution
- Forecast

Suboptimal mixing of planning and execution

Volatilities and bullwhip

Pull

Holistic Planning and segmented Execution

- Global conditioning planning parameterization
- Forecast

- Factory
- Central Warehouse
- Regional Warehouse
- Local Execution
- Consumption

Separation of planning and execution as basis for segmentation

Tact, flow and stability
End-to-End Supply Chain Planning
-> DDMRP meets production leveling
Sales & Operations Planning: Success Factor vertical & horizontal Integration

**TACTICAL planning cycle**
- CONSOLIDATION
- CONFIRMATION
- CONSENSUS

**OPERATIONAL planning cycle**
- Demand Alignment
- Supply Alignment
- Sales Forecast Meeting
- Demand Planning
- Factory Supply Meeting
- Production Planning

**Integration Points**
- B2B
- Regional S&OP
- Global S&OP

**Integration**
- Demand Consensus
- Supply Response
IM Pulse e2e SC design | Big picture IT architecture!

**PLANNING**

- **SALES & OPERATIONS Planning**
  - Detailed SCHEDULING
  - Production Leveling
  - PULL Replenishment
  - DDMRP & Response

**EXECUTION**

- Suppliers
- Parts Warehouse
- Assembly/Manufacturing
- Central Warehouse
- Regional Warehouse
- Retail
BSH has chosen CAMELOT Group, the leading organization for Demand-Driven Adaptive Enterprise transformations, as consulting and implementation partner.
The BSH IMPulse project is a complex global Demand Driven transformation program on a global scale …

… implementing Demand Driven concepts in more than 40 factories, 70 markets and 120 warehouses globally

… addressing the planning behavior and day-to-day work of the BSH organization affecting more than 2,000 employees

… applying an end-to-end TCO approach to achieve substantial benefits and competitive advantages for BSH

… focusing in a holistic approach on Integrated Planning, Pull Replenishment and Leveling concepts
Transforming into a demand driven adaptive supply chain will follow our 5 step maturity generation model – From **inspire & mobilize** to **deliver & harvest**
BSH expects significant benefits in service level improvement, lead time reduction and inventory turns by improved management of variability and volatility.

The Demand-Driven Operating Model delivers impressive performance improvements.

- **NO NEED FOR ACCURATE FORECASTS**
- **ACHIEVE PLANNED SERVICE LEVELS**
- **REDUCTION OF LONG LEAD-TIMES**
- **SIGNIFICANT INVENTORY REDUCTION**
- **NO MORE FIREFIGHTING**