A Demand Driven Journey in France…

Agenda

• How did we embark for the journey?

• Where do we stand? 7 case studies

• What lessons did we learn?
Our DDMRP journey


Learning, learning, learning

Sharing info, promoting DDMRP in events, newsletters, on the web

Education – CDDP & CDDL classes

Projects Implementation

Developing new capabilities

CDDP class  DDW Portland  Agilea DD competence center, DD Tech CP  1st Agilea CDDP class  1st project

Status as of July 2016

~ 230 trainees in CDDP & CDDL classes

12 Completed or ongoing implementation projects

...and counting
Our assumptions

DDMRP will become the new standard and will replace MRP

It is a blue ocean market

The more there are qualified competitors, the better

Our mission is to provide companies with professional services for them to succeed in their Demand Driven transformation, through a one stop shop

Our approach

All material must be fully translated in French

No project without proper training

No Excel

No pilot – only implementation steps

Projects led by DDI endorsed instructors
All consultants are DDI Certified
The team

4 instructors

Damien  Bernard  Guillaume  Anthony

Romain  Clémence  Philippe  Kévin  Matthieu

Pascal  Noémie  Thomas  Agathe  Isabelle

Our implementation scheme

Education  Assessment  Design workshop  Prototyping & on job training  Go Live  Coaching & improvements  Celebration!

2 months  3-6 months

Extending & remodeling
In House Developments

Dedicated simulation SW

- Historical and forward looking ADU
- Simulation of 5000 items with a 2 years history
- Spikes mgt
- Conditional spikes exclusion from ADU
- Replenished override static buffers simulation
- BOM use for child demand simulation in manufacturing or distribution networks
- ...

DDMRP Serious Game

& more coming soon...

Some of the French DDMRP early adopters
The Corporation

Case #1 : Figeac Aéro

« If we want to maintain our profit, we need to produce quicker a high quality product »
JC Maillard – CEO Figeac Aéro

Figeac Aero Group is a world class aerospace company specialized in the machining of structural parts, engine and precision parts in light alloys and hard metals. Figeac Aero is able to machined from small fitting to the large 26 meters long panel. They also provide full workpackages assemblies to aerospace customers.

The group is present in France (5 sites), in USA (Wichita), in Tunisia, in Morocco and in Mexico in order to ensure a presence close to its customers for machining and sub-assembly activities.

With more than 1700 employees in the world and a turnover of 204 Millions € (31st March 2015), the goal of the group is to reach a turnover of 500 Millions € at the 31st March 2018.
The Project

A step by step implementation involving the different sites, having in mind the full DDMRP picture

10 days
Demand leadtime: 15 days

STEP 1

FGA Figeac - FR Machining – Deburring – SP
FGA Figeac -FR Sub-assembly
Material Supplier

STEP 2

FGA Picardie Assembly
Cust.

FGA Tunisia SM cutting – HT – machining – SP – Sub-Assy
Supplier Detailed part

A robust IT tool to ease team adhesion, visual, robust, simple to use

Case #1 : Figeac Aéro

Highlights

> First small perimeter : lack of flow BUT ability to identify and fix quickly all potential issues
> Transition phase : load & capacity – supplier forecast considerations
> Training .... Training ... training...
> Daily management discipline => management involvement / planning & execution - alert
> Buffer at the point of use = shared visibility
> Some results : Murphy still on board...

Excess inventory

Critical and Red status

> Some of their customers went on site to understand how they did improve their delivery perf.
Next steps

> To successfully achieve the demand driven transformation ...
  
  - CDDL pilot course taken for 2 people => willingness to share this need to change the mindset
  
  Unit Cost
  OF a culture
  
  Flow-centric culture
  Cash velocity per constrained resources

  - CDDL intra course planned Q3

> Continued deployment on Workpackages / Products in R+, extension with VMI under evaluation

> Interest for Time Buffer[1] and DBR[2] to schedule the control points

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[1] Time Buffer
[2] DBR

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Peugeot Saveurs
The Corporation

The Peugeot adventure began in the 19th Century with a flurry of inventions, including the first Peugeot mill. To this day, Peugeot coffee and pepper mills set the standards for gourmets and great chefs alike. In its continued pursuit of excellence and culinary pleasure, the brand has expanded further into the worlds of spice, wine and whisky.

PSP is located in the town Quingey near Besançon, in the French region of Doubs. With about 130 employees, the company is proud to make the world’s most celebrated spice mills. From research and development to manufacturing, the PEUGEOT factory is where the wood is turned, then varnished or painted; where our exclusive spice-specific mechanisms are cut with pin-point accuracy, then assembled and fitted.

Made in France, PEUGEOT products are exported to more than 80 countries worldwide.

The Project

Phase 1: all purchased and made items of the main plant – 5300 parts.

Phase 2: distribution, stock deployment within the 3 DCs: France, Germany and US (Chicago)
Case #2: Peugeot Saveurs

Highlights

- High demand variability, with seasonality, promotions, and short LT requirements
- 3 months from the design workshop to go live
- DDMRP decoupled explosion within R+
- Child items ADU computed from FG ADU, on either history or forecast.
- Drastic improvement of OTD and stock-outs reduction, while supporting strong sales growth

Cryolor
Cryodor's objective is to provide the “Best-in-Class” quality to its customers with a comprehensive range of products and services for the storage and transportation of cryogenic liquefied gases that support the complete cryogenic value chain, from the point of production to the end user.

Founded on expertise, service and quality, and backed up by nearly 50 years of excellence in design & manufacturing

Cryodor operates 2 main manufacturing sites, one in France and one in India, and serves its markets via MTO and ETO processes.

The project was twofold:

1. Pace the flow of the 2 major assembly lines and pull WO releases from a drum,

2. Secure RM and components availability, for both stocked and non stocked purchased items.
Highlights

• Starting point: a broken MRP

• The flow approach enabled a 70% capacity increase and a lead time reduction of 30% on the main production line

• Clear priorities and inventory status for all parties

Arkopharma
The Corporation

**Case #4 : Arkopharma**

**A global approach to health and well-being.**
Founded in 1980 in Carros, near Nice in France, by Dr. Max Rombi, Arkopharma is a pharmaceutical laboratory specialized in the area of phytotherapy, natural medicine and dietary supplements.

**ARKOPHARMA : european leader in phytotherapy and nutritional supplements**

- an international presence in more than 60 countries
- 6 overseas subsidiaries: France, Spain, Italy, Netherlands, Belgium, Switzerland
- 1,416 employees.
- € 207.4 million of consolidated sales
- Arkopharma holds 1,742 product licences for medicines

Arkopharma invests 3% of net medicine sales in Research and Development.

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The Project

**Case #4 : Arkopharma**

Project started in January 2016 in the plant close to Nice.
- Primary target: OTD improvement
- « Pilot » target scope = hard caps and ampoules product lines, which represents 60% of the site volume
- 11,700 items in the database, of which 7,000 within scope
- 15 planners and buyer/planners within scope
- ERP = SAP, DDMRP Compliant Sw = Replenishment+

Dry products simplified model:
Highlights

Quick wins :
• Dynamic stock sizing for RM & SF
• User friendly priorities
• Execution alerts

Multiple challenges to overcome on this ambitious roll out :
• Defining simple buffer management rules for several thousands items
• Handling a fast changing product portfolio
• Management of items with short shelf life
• Handling spikes triggered by parent items batch sizes
• Level loading production with FAPs combined to FDU
• MRP vs DDMRP change mgt with planners
• Keeping the workflow simple despite dual IT tools

Weser
The Corporation

The Weser group is part of the European leaders for concrete based decorative products applied to residential buildings.

Weser France is generating sales of about 32M€ /y. The products are manufactured in 3 plants, and distributed through a network of DCs.

Weser France is celebrating this year its 50th anniversary.

A new CEO joined the company 2 years ago and initiated a deep transformation, with many parallel initiatives, from both go to market and operations perspectives. DDMRP is part of the strategic initiatives for the company.

The Project

The DDMRP project is twofold:

- Manufacturing: Demand Driven production planning, in conjunction with SMED deployment.
- Distribution: National stock deployment within the DCs, supporting the restructuring of the distribution network and an aggressive lead time reduction initiative.
Highlights

- Multifunctional CDDP staff training, including Sales and Finance, was a key success factor.
- SMED and DDMRP initiatives going hand in hand.
- DDMRP implemented ahead of the ERP change to facilitate it.
- Using the buffers for group planning on the press moulds.
- Stock deployment for distribution using the DDMRP buffers.

Pierre Fabre Laboratories
The Corporation

Pierre Fabre is the 2nd largest dermo-cosmetics laboratory in the world and the 2nd largest private French pharmaceutical group.

KEY FIGURES
A turnover of almost 2208 million euros in 2015, more than 55% of which was achieved outside France
13,000 employees worldwide
16% of our pharmaceutical turnover is reinvested in Research and Development
Presence in 140 countries, through strong brands.

The Projects

Following the training of more than 20 team members in CDDP classes, the Pierre Fabre corporation initiated several DDMRP deployment initiatives, both from a distribution and manufacturing perspective.

AGILEA supports Pierre Fabre for the design and implementation of its Demand Driven Operating Model. The DDMRP tactics are implemented within Replenishment+ from DD Tech.

By the end of 2016, the Distribution Center of Muret (close to Toulouse), dedicated to the Laboratories products, will be replenished according to DDMRP tactics. The project team is in advanced full scale testing phases, to enable optimal service for the group brands (Klorane, Eau Thermale Avène, Ducray, Pierre Fabre Oral Care, etc.) towards all the points of sale in France.

Within a few weeks, a strategic flow involving two manufacturing sites will also be implemented. This flow will serve as a validation phase prior to subsequent deployment phases within the Pierre Fabre manufacturing network.
Highlights

• Large product portfolio (>8 500 active finished goods)
• Short life cycles – 30% of the FG products are replaced every year
• High promotional and/or seasonal activity, requiring proper FDU (Forecasted Daily Usage) calculation discipline and promotional order spikes management.
• DC mission critical replenishment – serving approx. 20 000 points of sales and 40 000 Order lines per day – mandating highly dependable IT solutions
• Multisite manufacturing footprint feeding a global distribution network

Michelin
The Corporation

Michelin, the leading tire company, is dedicated to sustainably improving the mobility of goods and people by manufacturing and marketing tires and services for every type of vehicle, including airplanes, automobiles, bicycles/motorcycles, earthmovers, farm equipment and trucks.

It also offers digital mobility support services and publishes travel guides, hotel and restaurant guides, maps and road atlases.

Headquartered in Clermont-Ferrand, France, Michelin is present in more than 170 countries, has 111,200 employees and operates 67 production plants in 17 different countries.

In short, Michelin is a company that truly helps you to move forward...

2 Projects starting In France

Following a CDDP training in France, Michelin decided to launch several pilot projects in different areas of its supply chain in order to cope with existing issues and identify how suitable might be a DDMRP approach for their different Business Units:

• Tourism Vehicles BU (Spain) : Identify how frequent changes from OE customers & retails can be amortized with buffers for industry -> CMG support - Go Live in June

• Trucks BU (Italy-AIM) : Identify how a mix of MTO flows and MTS flow at 1st level of Distribution Center can be managed together in protecting industry from short term priority changes > Preparation on going for kick off in October

• Raw Material BU (Fr-Fr/US) : How to be agile & responsive enough for internal partners with a few flexible and long industrial process as well as overseas sourcing - > Preparation on going for Kick off in September
Case #7: Michelin

Highlights

- Supply Chain end to end very complex: from rubber tree forest management to delivery D+1 at retail store worldwide located.
- Lean / MRP / DRP technics don’t solve their issues: bullwhip effect, bimodal distribution
- Decoupling point is key to have an efficient agile supply chain
- DDMRP brings this concept
- The catch line for Michelin is: some buffers DDMRP: not everywhere, not nowhere but at strategic inventory position; between 2 strategic inventory positions: Lean & DRP/MRP work well.

A few lessons learned
A Few Lessons learned

• We keep learning!
• The conversion cycle is way longer than implementation!
• DDMRP adapts well in very diverse environments
• There is no standard DDMRP environment, each design workshop is a new journey
• DDMRP can help in case of ERP system change...
• ...Too many companies are busy with expensive ERP changes / upgrade, to pay proper attention to cheap DDMRP roll outs!
• DD S&OP is needed, with practical implementation tools
• Giving away from conventional MRP habits is a long process – although broken, MRP reassures the users as it seems precise. Being roughly right is often disturbing!