Case study

Forecasting,
Replenishment, S&OP

Pernod Ricard China

Building One Consensus Plan at Pernod Ricard China

Results

- Improved forecast accuracy from 40% to 65%

- Established one consensus S&OP plan to align all functions

Consensus planning

Pernod Ricard is the world's second largest distributor of wine and spirits with well-known brands such as Absolut Vodka, Ballantine's, Chivas Regal, The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Beefeater and Kahlúa. When Pernod Ricard China wanted to automate its sales and operations planning (S&OP) process in order to improve its operational efficiency and create alignment across all functional areas by working against one consensus plan, they selected Blue Yonder's Luminate™ Planning.

> "We needed a consensus planning approach that every function agreed upon and could work toward. Our baseline forecasting and planning process is now automated. We work from one strategic plan each month that is aligned across all of our functions." –
> Operations Director

Challenges

- Pernod Ricard China relied heavily on Microsoft Excel for its data analysis, which was very time-intensive. Forecasts did not match demand, resulting in out-of-stocks and excess inventory.

- They wanted to automate their S&OP process to improve operational efficiency and align all functions to operate from one consensus plan.

- Pernod Ricard China operates in a fast-changing business environment. Their mostly manual processes had limited cross-functional communication and a lack of clarity. Forecast accuracy was only 40%.

Continuous innovation

For over 40 years, Pernod Ricard's ongoing growth has been bolstered by its commitment to continuous innovation, which enables it to quickly adapt to changes in trends, new consumer expectations and new consumption moments. But Pernod Ricard China's forecasting process, based on Microsoft spreadsheets and manual processes, was a limiting factor in improving their supply chain. They decided that automating their forecasting and S&OP processes was the best way to provide a foundation for continuous improvement and innovation.

"The automated baseline forecast provides us with data for future market demand and trends. It aligns inputs from marketing, sales and operations, so that each business function is operating from the same page. Plus, the workbench provides a clear view of a product's history and projected future." – Operations Director

Improving forecast accuracy

Pernod Ricard China's spreadsheet-based planning resulted in forecast accuracy of only 40%. "There was limited cross-functional communication and a lack of clarity. Forecasts did not reflect market demand, and demand-supply mismatches led to out-of-stocks and excess inventory."

Thanks to the implementation of Luminate

Planning's forecasting, replenishment and S&OP capabilities, Pernod Ricard China now operates a structured and well-orchestrated S&OP process. The consensus plan provides a platform for master data management, and it consolidates data from the company's enterprise resource planning and customer relationship management systems for bottom-up demand analysis. And the replenishment capability helps calculate and maintain optimized stock levels. Since deployment, Pernod Ricard China's forecast accuracy has increased from 40% to 65%.

Solution benefits

- Increased forecast accuracy by 25 percentage points in a fast-changing business environment

- Improved operational efficiency through a structured and well-orchestrated S&OP process

- Established one consensus S&OP plan, aligned across all functions

- Automated and enhanced data analysis for improved forecasts and decision-making

Blue Yonder expertise

Pernod Ricard China worked with Blue Yonder consulting services to ensure that deployment of the new capabilities was completed on-time, within budget and with minimum risk. "The Blue Yonder consultants are diligent and on top of the whole process. They make sure to have a thorough understanding of the customer's requirements and regular status meetings ensure quick resolutions to any challenges. We have had a good experience working with Blue Yonder. We would recommend Blue Yonder to other companies who are considering a system to support their S&OP process."

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