

The Customer

- Baked goods manufacturer and distributor.
- Headquartered in San Francisco, California.
- Top frozen cookie producer in the United States.
- Six production facilities, five distribution centers, 56 company owned sales centers across the United States.

JD Edwards Advanced Planning software:

- Strategic Network Optimization
- Demand Planning

Environment:

Microsoft Windows NT

Database

Windows NT Oracle 8.1.7

Implementation partners

Metachain and Terra Technologies

Training and support partner

JD Edwards

We are using JD Edwards to help our company save money and improve business efficiencies and performance. Processes ranging from staffing needs to product distribution to determining purchase volumes of some costly commodities, such as chocolate and nuts, are being refined and improved."

Kevin Tyschper

Director, Network Planning

Otis Spunkmeyer

Otis Spunkmeyer Targets Wide-Ranging Cost Savings**Business Driver: Improved Forecasting for Cost Optimization**

Founded in 1977, Otis Spunkmeyer is a leading baked goods company. It is best known for its frozen cookie dough and as the baker of the number-one-branded retail muffin in the United States.

In the late 1990s, company growth and strategies to improve business efficiencies and performance required a new look at planning and forecasting capabilities. At the time, Otis Spunkmeyer was using Microsoft Excel spreadsheets for forecasting and analysis. This method involved slow, manual data input and could not handle the extensive number of SKUs (stock keeping units) and locations involved in the planning analysis.

"Our previous process wasn't statistical, and we were looking for a solution that would enable Otis Spunkmeyer to conduct long-range capacity and production planning and analyze data in multiple ways. We took a careful look at our options before choosing JD Edwards," says Kevin Tyschper, director of Network Planning at Otis Spunkmeyer. "Planning and forecasting are directly related to cost optimization. The better you plan, the better your bottom-line numbers. We knew we needed to make a change to achieve that vision, and we chose JD Edwards EnterpriseOne Advanced Planning software from Oracle to help us bring that vision to reality," says Tyschper.

Business Drivers

- Improve forecasting.
- Tighten "window" for production planning.
- Speed and automate planning data input.

Results: Enhanced Forecasting Accuracy Drives Time and Cost Savings

Otis Spunkmeyer was seeking low-cost production planning, and Advanced Planning is delivering on that promise. "It was very fast to implement JD Edwards EnterpriseOne Strategic Network Optimization as a stand-alone solution, and we're using it now to perform weekly production planning and view longer-term production needs," says Tyschper.

Previously, Otis Spunkmeyer could look at production needs as far as three weeks in advance. Now, with Advanced Planning in place, that outlook is extended to 12 weeks. This ability to look ahead approximately three months greatly enhances forecast and flow-rate accuracy and could reduce warehousing and distribution costs. For example, with more accurate planning in place, Otis Spunkmeyer may be able to minimize the number of miles driven and save fuel.

The longer-term view impacts day-to-day operations as well as projections. "JD Edwards is a huge timesaver. On an Excel spreadsheet, it took us three days to enter the data. That same data is entered now in about 35 minutes, so I have two days to do a thorough analysis," says Tyschper. Otis Spunkmeyer is using Advanced Planning to coordinate its complex distribution process. The company ships from its six production facilities to four cold storage facilities, which then ship to 56 company-owned sales centers. From there, the product is sent to the consumer, through both direct-to-store delivery and a variety of distribution centers. Adjustments to the distribution process also involve changing needs for staffing and raw materials based on demand. "Our business is somewhat cyclical, and Advanced Planning provides us the capability to address those peaks and valleys from operational, staffing, and purchasing standpoints," says Tyschper.

Results

- Enhanced forecast and flowrate accuracy.
- Time savings in production planning.
- Targeted cost savings in production, distribution, and commodities purchasing.
- Dramatically reduced data entry time.

How Otis Spunkmeyer Got There: Improved Forecasting and Analysis

Otis Spunkmeyer completed the first phase of Advanced Planning implementation with the deployment of Strategic Network Optimization, followed by implementation of JD Edwards EnterpriseOne Demand Planning.

"We wanted to get greater planning visibility as quickly as possible, so we needed a solution that could be implemented rapidly. Strategic

Network Optimization was up and running in just three months at Otis Spunkmeyer. It's efficient, fast, and user friendly — and easy for people who are not familiar with the system but who do understand planning," says Tyschper.

Strategic Network Optimization is running on Microsoft Windows NT. The data is pulled from the Otis Spunkmeyer legacy system and imported legacy system and imported via a series of automated steps. "The process is fast, and it allows for little user intervention, which nearly eliminates the potential for user error," says Tyschper.

JD Edwards also helped get Otis Spunkmeyer up and running through the education and support services provided. "The training we took during the Strategic Network Optimization implementation was very helpful. It was a week-long class that really gave us what we needed to get on our feet with the new software," Tyschper says. "We would definitely send more people to classes in a heartbeat. It makes a difference to get everyone a good foundation with the beginning classes in advance."

Otis Spunkmeyer is also taking advantage of the support offered. As a Standard Support member, they are able to receive a callback on an issue in four hours or less. "When we call Support, we get a callback when we need it," says Tyschper.

The Future: A Foundation for Web-Based Collaboration with Suppliers

Tyschper emphasizes that the new system provides a foundation that can grow as the needs at Otis Spunkmeyer expand. "We're a mid-size company, and we're taking advantage of the solution in phases as we grow. That flexibility for phased implementation, and the good integration between the pieces as we add more, are very valuable aspects of the products," says Tyschper.

When Otis Spunkmeyer is up and running with Demand Planning, it will become a platform for more accurate forecast data. "We'll be able to project at different levels, possibly even at the level of the individual customer or salesperson," says Tyschper.

“Ultimately, the solution gives us the potential for a web-based system that provides vendors with very current information about our needs and production time frames. Suppliers could see what’s best for everyone’s business and may be able to offer us deals on even lower-priced commodities,” says Tyschper.

Otis Spunkmeyer is investigating vendor collaboration as its next step in demand planning. By communicating a more accurate picture of future needs to suppliers and brokers, the company may be able to make more favorable purchasing agreements on commodities with highly fluctuating prices, such as butter and sugar.