



THE SUPPLY CHAIN COMPANY®

# A Shared Plan for Success



## CEF Relies on JDA to Synchronize Processes across Its Operations

### Compañía Embotelladora del Fuerte (CEF) Fast Facts

**Industry**  
Manufacturing

**Headquarters**  
Tijuana, Mexico

**Description**  
Compañía Embotelladora Del Fuerte (CEF) manufactures, sells and distributes products for Coca-Cola and Jugos del Valle. Headquartered in Tijuana, the company has approximately 3,200 employees across its operations, which span the Pacific and North areas of Mexico. With annual sales of more than US\$300 million, leading bottler CEF operates three manufacturing plants and 14 regional distribution centers serving diverse customer channels.

*“Before we began working with JDA, we were considering an investment in a new production line or a plant expansion to increase our capacity. JDA’s solutions and services helped us recognize that we didn’t need to increase our capacity. We just needed to make more strategic use of the resources we already had. JDA solutions are helping to drive costs out of our operations every day – while maintaining the high product quality and service levels that CEF has built its reputation on.”*

- Francisco De Orduña,  
logistics manager, CEF



### Business Challenge

Leading bottler Compañía Embotelladora Del Fuerte (CEF) faces complex challenges – including ongoing product introductions, a diverse product line, and a major distribution channel of more than 57,000 small “mom and pop” stores with great demand volatility and high service costs. CEF was operating its three production plants as separate entities, with different forecasting, planning and inventory processes. In order to maximize agility and service – while minimizing costs – CEF needed to bring its three plants together as a centralized production planning organization, with shared resources and a common set of business processes.

### Business Solutions

- JDA® Demand
- JDA® Sequencing

### Business Benefits

- Improved forecast accuracy by 18 percent
- Increased production line utilization by 10 percent within five months
- Increased fill rates and run rates to achieve a 1 percent improvement in sales (trends predict an annual gain of US\$3 million)
- Avoided a plant expansion by better utilizing existing resources
- Established centralized planning processes



Compañía Embotelladora Del Fuerte (CEF) is the leading bottler of Coca-Cola and other beverage products in the Pacific and North areas of Mexico. The company was relying on manual processes, outdated software and Excel spreadsheets to manage operations at its three production plants. Although these plants shared a common process template, each plant had its own unique team devoted to forecasting, planning and inventory management – and each team made its own adjustments to the process template.

This plant-level approach proved inadequate as CEF's overall business grew in complexity. Ongoing product introductions, greater diversity in packaging and stock-keeping units (SKUs), and a demanding channel of 57,000 traditional "mom and pop" stores presented significant challenges to CEF's continued success. In addition, CEF's overall number of SKUs had increased from 70 to 400 in less than four years, due in part to Coca-Cola's purchase of a national juice company, Jugos del Valle. This incredible product growth meant different demand patterns, promotional needs and production requirements – which placed new pressures on CEF's production planning, inventory management and customer service functions.

CEF was considering a new production line or plant expansion to manage demand spikes. But executives recognized that it might be more profitable to consolidate planning at its facilities, so that raw materials, production capacity and finished goods inventories could be strategically shared across the company.

Executives at CEF chose to implement JDA® Demand and JDA® Sequencing to bring its three production facilities together, with a shared view of demand, a common set of business processes, and a new level of agility and cost-effectiveness. With implementation support from the JDA Services team, the JDA solutions and associated processes were up and running in just 18 weeks.

### Why JDA?

After considering a number of solution providers to unify its operations, CEF chose JDA because of the functionality, flexibility and cost analysis capabilities of its solutions.

"In choosing a software provider, we were impressed by the strength and capability of the JDA solutions," said Francisco De Orduña, logistics manager at CEF. "We realized that we could maximize the value of our plants by running what-if scenarios

that simulated shifting materials, production and finished goods inventories across our three facilities – a critical capability for our business. We determined that the JDA solutions would enable us to predict the impact on costs and service levels before we made any decisions."

"In addition, we realized that JDA could provide a very detailed view into our market demand, which encompasses many channels and is very volatile. Demand for our products can be affected by seasonal changes, political events and other factors that are difficult to anticipate," said De Orduña. "JDA solutions would not only offer us a very detailed look at this market complexity, but also could quantify our real demand – including the sales opportunities that we were missing."

### JDA's Contribution

The JDA Services team went right to work, with the goal of implementing the selected solutions in just 18 weeks – for an immediate performance impact and a rapid return on investment. Following an analysis of CEF's existing business model, JDA Services created new planning processes that would be shared across CEF's three busy production facilities.

Backed by the power of JDA Demand, the JDA Services team created new forecasting capabilities that consider demand across various channels, including grocery stores, schools, hospitals and the 57,000 small stores that represent up to 60 percent of CEF's annual sales volume. By taking a three-year view of historical sales – as well as considering product seasonality, missed opportunities and other factors – JDA Demand has supported CEF in making the shift from a reactive to a proactive stance in managing demand volatility. Because JDA solutions have increased the time horizon of both demand and production forecasts, CEF can better plan its raw material needs and more strategically allocate production resources.

In addition, JDA Sequencing has provided CEF with a common view of the raw materials, capacity and finished goods that exist across its supply chain, which can be leveraged to manage sudden demand shifts. Based on that information, CEF can avoid new procurement or production activities by shifting materials or inventory among its facilities.

“The JDA solutions enabled us to make smarter decisions about when to procure materials, as well as how to utilize our capacity and our staff. We significantly improved our workload distribution across production lines, due to a more accurate production and sequencing plan – as well as our improved visibility into changeover times and machine downtimes,” said De Orduña. “CEF has always been a manufacturing leader, but we saw that

JDA was taking our performance to a new level. It was very rewarding to go through this process.”

## CEF's Results

Since implementing JDA's solutions and services, CEF has been able to establish new shared processes across its diverse operations – which have delivered results in many areas of the business.

With its new centralized perspective, CEF has increased its overall forecast accuracy by 18 percent. This improvement in forecast quality means better visibility, as well as a shared perspective that drives the whole company. CEF has been able to reduce the number of staff and other resources devoted to disparate planning processes at its three production facilities.

CEF has also been able to realize cost efficiencies by consolidating its procurement and transportation activities – as well as shifting materials, capacity and goods among its plants to balance production. The company achieved a 10 percent increase in production line utilization within five months of implementing the JDA solutions. Improvements in fill rates and run rates are on track to produce a 1 percent increase in sales, which translates into approximately US\$3 million in additional revenues each year.

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“JDA's solutions and services helped us recognize that we didn't need to increase our capacity. We just needed to make more strategic use of the resources we already had. JDA solutions are helping to drive costs out of our operations every day – while maintaining the high product quality and service levels that CEF has built its reputation on.”

## About JDA Software, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA's multiple service options, delivered via the JDA® Private Cloud, provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

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