

Bringing it Home



House Foods Corporation Reduces Costs and Optimizes Inventory Levels with JDA Software and a New Centralized Supply Chain Management Division

House Foods Corporation Fast Facts

Industry
Food Manufacturer

Headquarters
Tokyo, Japan

Description
House Foods Corporation is a leading manufacturer of curry and spices, precooked and ready-to-eat foods, drinks, health and beauty products, snacks and desserts. The company operates 13 companies throughout Japan, as well as seven international businesses in countries such as China, South Korea, Taiwan and the United States. House Foods also provides products for food-service stores that range from first-class restaurants to small cafés.

Revenues
¥ 222.5 million (as of March 31, 2009)

“With JDA’s Demand and Fulfillment solutions and the formation of our centralized supply chain management division, we’ve benefitted from a decrease in average days in inventory from 36 to 22, as well as a reduction in our overall inventory levels by 39 percent.”

- Hidetake Wakasa,
supply chain manager,
House Foods Corporation



Business Challenge

House Foods needed to align its supply chain management processes with its corporate objectives in order to enhance the value of existing and new brands, as well as develop new products that address the growing demand for convenience.

Business Solutions

- JDA® Demand
- JDA® Fulfillment

Business Benefits

- Increased forecast accuracy
- Improved data for decision making, as well as inventory and manufacturing planning
- Increased brand loyalty
- Improved supply chain visibility
- Reduced stock-outs and better inventory turns and product sell-through, yielding higher margins
- Ability to create an optimized, multi-level replenishment plan

Quantifiable Benefits

- Reduced overall inventory levels by 39 percent
- Lowered average days in inventory from 36 to 22
- Increased order-fill rates to more than 99 percent
- Lowered warehouse maintenance costs by 48 percent
- Decreased unnecessary bargain-sales costs by 50 percent
- Reduced product-disposal costs by 40 percent



Since 1913, House Foods Corporation has focused on providing delicious and easy-to-prepare food products for its customers. A leading manufacturer of curry and spices, precooked and ready-to-eat foods, drinks, health and beauty products, snacks and desserts, House Foods is headquartered in Tokyo and operates 13 companies throughout Japan, as well as seven international businesses in countries that include China, South Korea, Taiwan and the United States. In addition to producing convenience food items, House Foods also manufactures products tailored to the needs of a wide range of food-service stores from first-class restaurants to small cafés.

With an emphasis on implementing measures to enhance the value of existing and new brands, developing new products that address an increasing awareness of health-related issues and meeting the growing demand for convenience, House Foods realized it needed to align supply chain management processes with its corporate objectives to improve performance across its many divisions. The company sought technology that would enable it to offset the out-of-stock situations, opportunity losses and unnecessary bargain-sales costs that it had endured as a result of having decentralized supply chain management operations.



Removing Walls and Rolling Out Solutions

House Foods formed a new organization in 2003 with the sole responsibility of synchronizing supply chain management processes across the enterprise. The company also installed JDA Software's Demand and Fulfillment solutions to help improve data for decision making, inventory and manufacturing planning and demand forecast accuracy.

“Prior to undergoing this major shift, each division within House Foods had its own rules and systems for demand and supply management,” said Hidetake Wakasa, supply chain manager, House Foods. “Once we removed the walls between the company’s divisions and rolled out industry-leading supply chain management solutions from JDA, we could move forward with improving our processes and decision-making capabilities to yield higher profits and increase brand loyalty.”



Improving Forecast Accuracy and Inventory Positioning

House Foods’ centralized supply chain management organization uses JDA® Demand to deliver a consolidated forecast with the highest level of accuracy and to accurately predict future customer demand. As part of the company’s reorganization and to support JDA Demand, House Foods requires that each of its 1,000 sales associates enter data about specially priced products into an internal portal site to further improve the accuracy of demand forecasting based on sales information.



With a better understanding of its customers’ evolving requirements and improved supply chain visibility, House Foods can now forecast and leverage the demand signal generated by the solution to synchronize demand with its sources of supply.

JDA® Fulfillment enables House Foods to simultaneously reduce stock-outs while improving inventory turns and product sell-through, resulting in higher margins. The solution works with JDA Demand to leverage forecasts and end-consumer demand signals to create an optimized, multi-level replenishment plan.

“With JDA’s Demand and Fulfillment solutions and the formation of our centralized supply chain management division, we’ve benefitted from a decrease in average days in inventory from 36 to 22, as well as a reduction in our overall inventory levels by 39 percent,” Wakasa explained.

Additionally, House Foods has realized an increase in order-fill rates from 95 percent to more than 99 percent and has lowered its warehouse maintenance costs by 48 percent. The manufacturer has also benefitted from a 50-percent decrease in unnecessary bargain-sales costs, as well as a 40-percent reduction in product-disposal costs.





Setting Goals to Further Improve Inventory Positioning

According to Wakasa, House Foods has set a goal of further reducing its average days of inventory to 18 days.

“We’ve already achieved amazing results with the reorganization and installation of JDA’s supply chain management solutions,” he explained. “To achieve our objective of reducing the company’s inventory levels, we will need to consolidate sales and market information and strengthen our demand forecasting abilities with the support of the JDA solutions.”

Wakasa added, “Over the next year, we expect to further improve our ability to quickly adjust our inventory positioning to meet customer needs and changes in the marketplace, as well as reduce out-of-stocks and increase inventory turns. I am confident that with the support of JDA we will continue to realize results and improve operational performance across the enterprise to meet our goals now and in the future.”

About JDA Software Group, 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 provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise. To learn more, visit www.jda.com or e-mail info@jda.com.

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