

Fresh Food, Right on Time



L.R. SERVICES

L.R. Services and McDonald's France Optimize Supply Chain Planning with JDA Demand and Fulfillment Solutions

L.R. Services Fast Facts

Industry

Food Manufacturer and Distributor

Headquarters

Lisses, France

Description

L.R. Services, the French subsidiary of Keystone Foods LLC, is a supplier of protein products for the food industry and a leader in logistics services. Keystone's customer base includes over 30,000 quick-service restaurants, major food service and industrial companies, and retail outlets in 33 countries. As a global leader in logistics services and supply chain services with 28 distribution centers located on four continents, Keystone delivers over 180 million cases of poultry, pork, beef and fish to its customers around the world.

Number of Employees

Worldwide: 13,500

Europe: 1,600

"By incorporating best practices such as management by exception, hierarchical forecast management and algorithm automation, we can precisely forecast and leverage the demand signal to better sync with our supplier."

- Olivier Chasseloup,
supply chain logistics and IT director,
L.R. Services



Business Challenge

With its global business becoming increasingly complex, L.R. Services realized the need to improve demand forecasting, optimize supply chain planning processes and synchronize demand with its sources of supply. The company sought to implement advanced technology that would enable increased agility and responsiveness, predict product demand and integrate this data into operational planning to gain a competitive advantage.

Business Solutions

- JDA[®] Demand
- JDA[®] Fulfillment
- JDA[®] Monitor

Business Benefits

- Increased overall supply chain efficiency
- Improved forecasting accuracy
- Decreased inventory costs through strong replenishment functions
- Improved product availability
- Optimized ordering and inventory count

Quantifiable Benefits

- Reduced inventory by 20 percent
- Achieved an 8 percent reduction in delivery frequency
- Decreased order amendments by 78 percent
- Reduced late orders by 94 percent
- Improved forecast accuracy by five basis points
- Reduced inventory by 30 percent in the restaurants



Keystone Foods is a supplier of protein products and logistics services for the food industry in America, Europe, Asia, Australia and the Middle East. Its distribution centers deliver over 180 million cases of poultry, pork, beef and fish to over 30,000 quick-service restaurants and retail outlets in 33 countries, including McDonald's.

With global business becoming increasingly complex, the market dynamics for quick-service restaurants continually evolving, and such a high turnover of fresh, frozen and dry products leaving its distribution centers, L.R. Services, the French subsidiary of Keystone Foods Europe, realized that it needed enhanced competencies in demand management to improve customer service levels and increase profitability.

L.R. Services sought to implement industry-leading demand and fulfillment technology that would increase agility and responsiveness to its business environment, as well as better predict product demand, improve customer service levels and provide tangible savings.

To address these business challenges, L.R. Services and McDonald's France decided to work collaboratively to improve demand forecasting, optimize supply chain planning processes and synchronize demand with sources of supply.

To synchronize supply chain management processes with its suppliers, L.R. Services implemented JDA® Demand, JDA® Fulfillment and JDA® Monitor across its locations in France. This collaboration with McDonald's France enabled L.R. Services to pinpoint demand forecasting, increase demand visibility and reduce inventory throughout its network.

Better Business Decisions with a Consensus Demand Plan

Considering that McDonald's restaurants in France serve thousands of meals every day to customers with many menu choices, as well as introduce seasonal promotions and launch new products, its supply chain had become more complex than ever.

A supply chain driven by point-of-sale data needs a consensus forecast for all stakeholders in the chain – including suppliers, distribution centers and restaurants.

By leveraging the JDA solutions, L.R. Services has reduced restaurant inventories by up to 30 percent – minimizing waste and streamlining deliveries. By working more collaboratively with its suppliers and by sharing future demand, McDonald's France has improved product availability and product freshness.

“With the JDA solutions, we've achieved the best use of collaborative forecasting. In partnership with L.R. Services, we've automated the ordering and replenishment process for the restaurants, enabling them to concentrate on their core business. Distribution centers have optimized inventories, and increased product availability and freshness. And with the Web portal functionality, our suppliers have enhanced information sharing and increased visibility,” said Sébastien Bordas, purchasing and quality director, McDonald's France.

“Accurate forecasting has also enabled better labor planning and transport scheduling,” added Olivier Chasseloup, supply chain logistics and IT director, L.R. Services.

Mastering Demand Management and Stock Levels

With over 900 product references to manage across three temperature ranges (fresh, frozen and ambient) and numerous suppliers and restaurants involved, managing demand and optimizing stock levels is not easy.

For example, McDonald's restaurants in France use over eight varieties of lettuce and 15 different types of bread – in addition to numerous seasonal menu items. These account for about 20 percent of sales, which adds to the supply chain complexity.

Each day L.R. Services receives the sales and inventory information from the McDonald's restaurants. The JDA software analyzes the data and can anticipate any potential stock shortages and automatically re-orders and delivers the appropriate quantity of fries, drinks, straws and napkins to each restaurant.

With JDA Fulfillment's multi-level replenishment planning capabilities, L.R. Services is able to position the right inventory in the right distribution centers, in the right restaurants, at the right time, while ensuring that inventory is available across its customer-driven value chain.

“Our forecasting sits around 94 percent on a week-by-week basis, by product and by restaurant,” said Chasseloup. “To achieve this forecast accuracy, we really needed better information at the source – close and personalized restaurant analysis – based on actual sales and fluctuations in demand.”

“We’ve evolved from previously having to react to stock shortages, to today being able to accurately anticipate demand and making sure that restaurants have the right amount of stock,” added Chasseloup. “By leveraging forecast and end-customer demand signals to create an optimized, multi-level replenishment plan down to the restaurant level, we’re reducing stock-out situations while improving inventory turns.”

Bringing Value to All Supply Chain Stakeholders

According to Chasseloup, L.R. Services is realizing tangible benefits with the use of JDA solutions. Since implementing the technology, L.R. Services’ deliveries are down by 8 percent, which also helps to reduce costs. As for L.R. Services’ seven distribution centers across France, the company has reduced order amendments by 78 percent and decreased late orders by 94 percent. Forecast accuracy is up five points, which vastly improves customer service.

“By incorporating best practices such as management by exception, hierarchical forecast management and algorithm automation, we can precisely forecast and leverage the demand signal to better sync with our supplier,” said Chasseloup.

Additionally, McDonald’s France has also realized positive business improvements. Having less surplus stock has resulted in reduced waste and the faster deliveries mean that, typically, customers get food that’s fresher.

“While increasing our offering of salads, product freshness is critical to us. Accurate demand forecasting and sharing information with our suppliers is key to enabling this,” commented Bordas.

“JDA enabled us to achieve a collaborative process throughout our entire supply chain,” concluded Chasseloup. “Implementation of such a collaborative customer-driven supply chain requires that all actors value the benefits of a long-term partnership in the interest of the whole system.”

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is a leading global provider of innovative supply chain management, merchandising and pricing excellence solutions. 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.

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