

Consumer Products Company

Challenge

A major consumer products company had recently completed a \$5 million revamp of the systems in their primary North American distribution facility. The comprehensive revamp was designed to:

- expand capacity
- improve customer service
- more than double productivity

However, after the startup period, the system was operating at only 33% of expected capacity. Various methods of improving the system were brainstormed. All solutions were rejected due to the company's uncertainty about their effectiveness. The engineering and operations personnel were stymied.

Response

After a brief introduction to the situation, CNA's experienced personnel spent a week on site. Performing a rapid review of the system design, performance, capacities, labor scheduling, productivity, and information system performance, CNA determined that all systems were in good order, performing as intended.

Once they were satisfied that the system met the performance criteria, they returned to the client's basic design requirements. They quickly uncovered the underlying problem – erratic product demand caused by the client's power retailer customers' merchandising models.

Since the client's product slotting was driven by average demand, product would sit in the slot for weeks at a time with little or no movement. Then, when the customers' buyer purchased that product for dozens or hundreds of stores at a time, demand would soar for a few days. This meant that many products were unavailable for selection when needed, and required constant replenishment during the peak demand period.

Results

The short-term solution – a more dynamic process for product slot allocation, where product is filled based upon projected need. CNA provided the client with a process capacity model we have used dozens of times with other consumer products companies. The client used the model to integrate a dynamic slot allocation process into their weekly planning. Problem solved.