



Supply Chain Guru Case Study: Boar's Head Corporation

Company: Leading domestic producer of food products, high quality deli-meats and packaged gourmet foods, distributed through restaurants and delis in the Northeast and also through major grocery and supermarket chains nationwide.

Problem: Company's base was in the NY-NJ-PA area, still accounting for the majority of its volume; however, the company was projecting fast growth rates in the southeast and west as demand for its products grew based on customer loyalty and changing population demographics. Company's supply chain network was reaching capacity limits, both in manufacturing and in distribution and warehousing. Where should it expand and how?

Project: Supply Chain Guru was used to perform a strategic network optimization during a focused 6-week project. Boar's Head personnel and Stellar Group consultants performed data collection and filtering, while LLamasoft personnel helped the consultants in aspects of model building. Initial solutions were provided in only 3 weeks, with an additional set of scenarios and business strategy questions analyzed during the remaining project time. Project was completed on time and on budget.

Solution: A strategic optimization plan was delivered directly to the CEO and CFO: capacity would be added at specific existing facilities over the next 10 years, while an additional facility was located and scheduled to be opened in 4 years. Re-configuring the capacity and transportation network based on Guru's optimization would deliver an estimated \$14 million savings in transportation costs.

Important Points

1. Visualization is Critical: it was difficult for the CFO to understand exactly why the optimization algorithm picked the solution that it did, until demand was visualized directly on the layout map. By using Guru's graphical optimization flow displays, the CFO was able to "see" how demand would change over each of the next 10 years, making the results of the optimization much more comprehensible and "intuitively right."

2. Scenario Generation: after the initial results were delivered to the team, many more questions were asked and numerous "what-ifs" posed. Since Guru can easily generate new models and organize them into a project for direct comparison, what-if questions could be quickly answered without having to build an entirely new model.

3. "Time" Management: Network optimization results are extremely sensitive to the analysis time horizon. Looking ahead 1 year gave one network structure; looking ahead 10 years gave a different optimal structure. Multiple time horizons should be evaluated, so that the management team can understand how current dynamics and projections are changing their business over the long term. With Guru's Model Options, combined with scenario generation, start and end times can easily be set differently for numerous scenarios (10 or more in this case), and then run as a batch, without human intervention, saving project time and budget.