Network Orchestration: Maintaining Supply During a Phase-In/Phase-out Event

Challenge

A fast-casual Restaurant Company was challenged by a multitude of tasks necessary to manage a significant packaging graphics changeover for its restaurants in the U.S. and Canada. Given Armada's demonstrated expertise in previous phase-in/phase-out events, the Restaurant Company delegated responsibility for this event to Armada, in the role of their network orchestrator.

Solution

Armada stepped in to manage the inventory event and execute a smooth transition from old to new graphics at each distribution center. This started with leveraging the Restaurant Company's supply chain visibility tool, 24TRACC®. Armada evaluated network inventory levels and usage rates to determine production plans for the new graphics. This information was rolled up to a network demand forecast and communicated to the packaging suppliers. Armada also established distribution center last order dates for the old graphics and first order dates and quantities for the new graphics.

Routine monitoring of inventory depletion across the network, through inventory assessments of each distribution center, led to the identification of an excess inventory situation at one specific distribution center.

Solution (continued)

There were 1,500 cases overstocked on one graphic item as a result of not adhering to Armada communications regarding last order dates. Armada's role was not fully understood by the network stakeholder causing them to follow their normal internal processes to run long on inventory.

To mitigate this situation, Armada evaluated options for dispersing the surplus inventory throughout the network to eliminate unnecessary costs and minimize network disruption. Returning the excess inventory to the supplier, where they would then ship the product to other distribution centers on established transportation routes, was the most cost-effective approach. This also avoided an extra production run of the old graphics to fill existing network demand and unnecessary inventory write-offs for unused product.

In order to arrive at this solution, Armada collaborated across supply chain functions and trading partners – supply planning, pricing administration, transportation operations, customer service, suppliers, distributors and the Restaurant Company. This collaboration facilitated the best decisions regarding adjustments to network inventory run-out dates, verifying operational loading and staging requirements to facilitate proper delivery of returned product, and cost trade-off assessments of inventory write-offs versus freight movements. Armada's expertise in network orchestration was integral in creating a smooth graphics transition for the Restaurant Company's supply chain.

Results

By avoiding inventory write-offs and extra production runs on the old graphic item, and mitigating transportation costs associated with product transfers between distribution centers, the Restaurant Company avoided approximately $75,000 in expenditures.

With these results, Armada also took steps in advancing relationships with the distributor community and proving the benefits that come from a central entity managing the transition. This furthered a sense of confidence with the Restaurant Company and continued to foster a collaborative spirit within the entire network.

Armada

641 Alpha Drive
Pittsburgh, PA 15238
(412) 406-5700
www.armada.net

FOR MORE INFORMATION

Loraine Yalch
(720) 502-7302
lyalch@armada.net

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