



Sales & Operations Planning Organic Valley & Welch's

Building a Demand Driven Organization





Agenda



- Introducing Organic Valley and Welch's
- Our Goals
- Your Questions – How We Are Doing It
- Q&A

What You Are Asking?

- **How have we changed how we operate? Improvements to sales, marketing, and the supply chain processes and face to the customer**
- **What benefits did we realize - reduce costs in your operations (e.g., planning to support constrained supply and consciously making promotion and other decisions)**
- **How have we become a more collaborative partner with our retailer/channel?**
- **Are our capabilities improving and can we leverage the insights to make decisions?**
- **How has our role in the category management changed?**
- **What are the next key benefit areas we are focused expanding capabilities?**

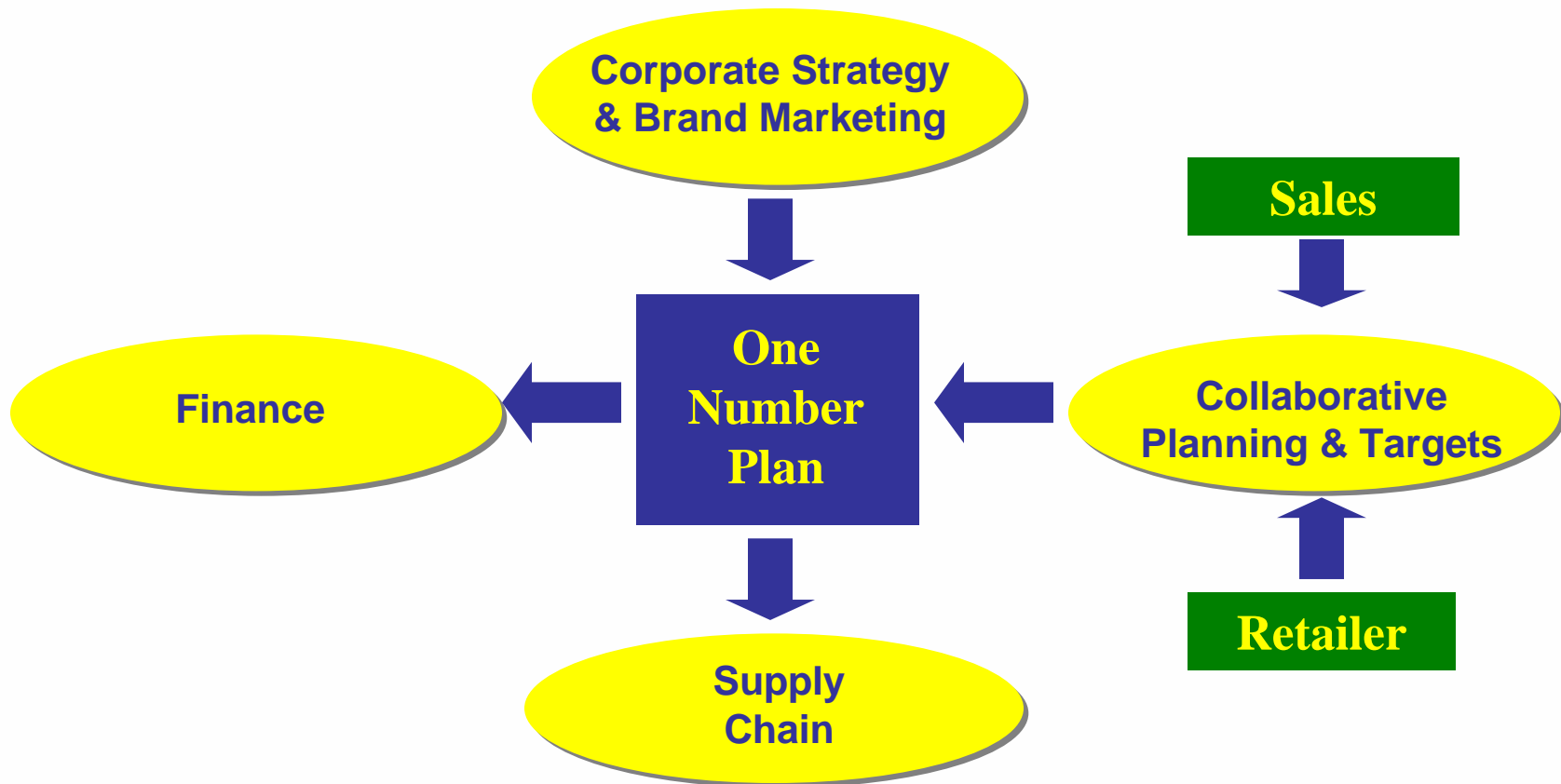
Demand Driven Goals

- 1) Create a single company wide forecast that is accurate, unbiased, timely, and detailed, and do this consistently and efficiently.
- 2) Improve effectiveness and efficiency of Trade Promotions

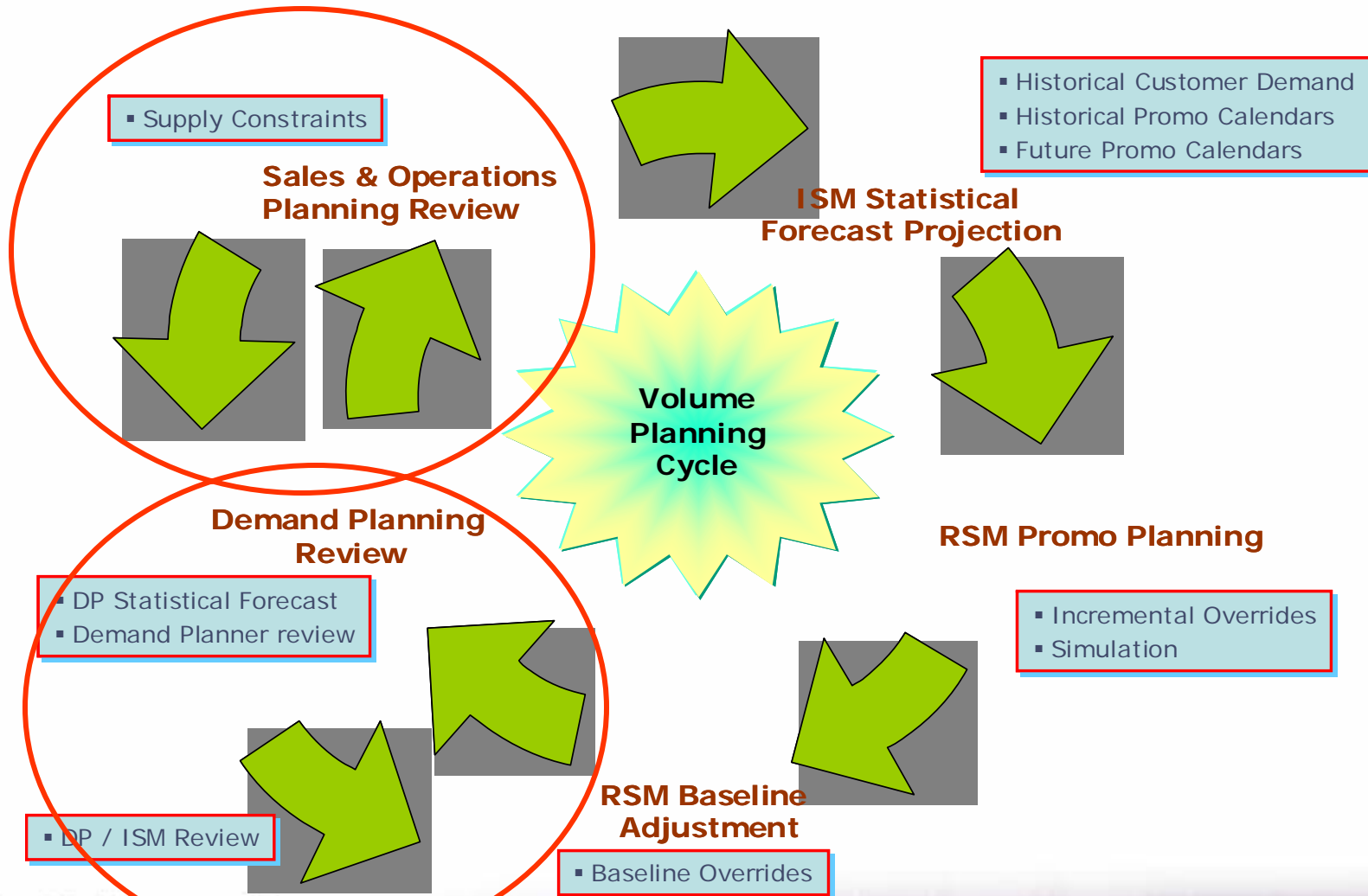
Demand Driven



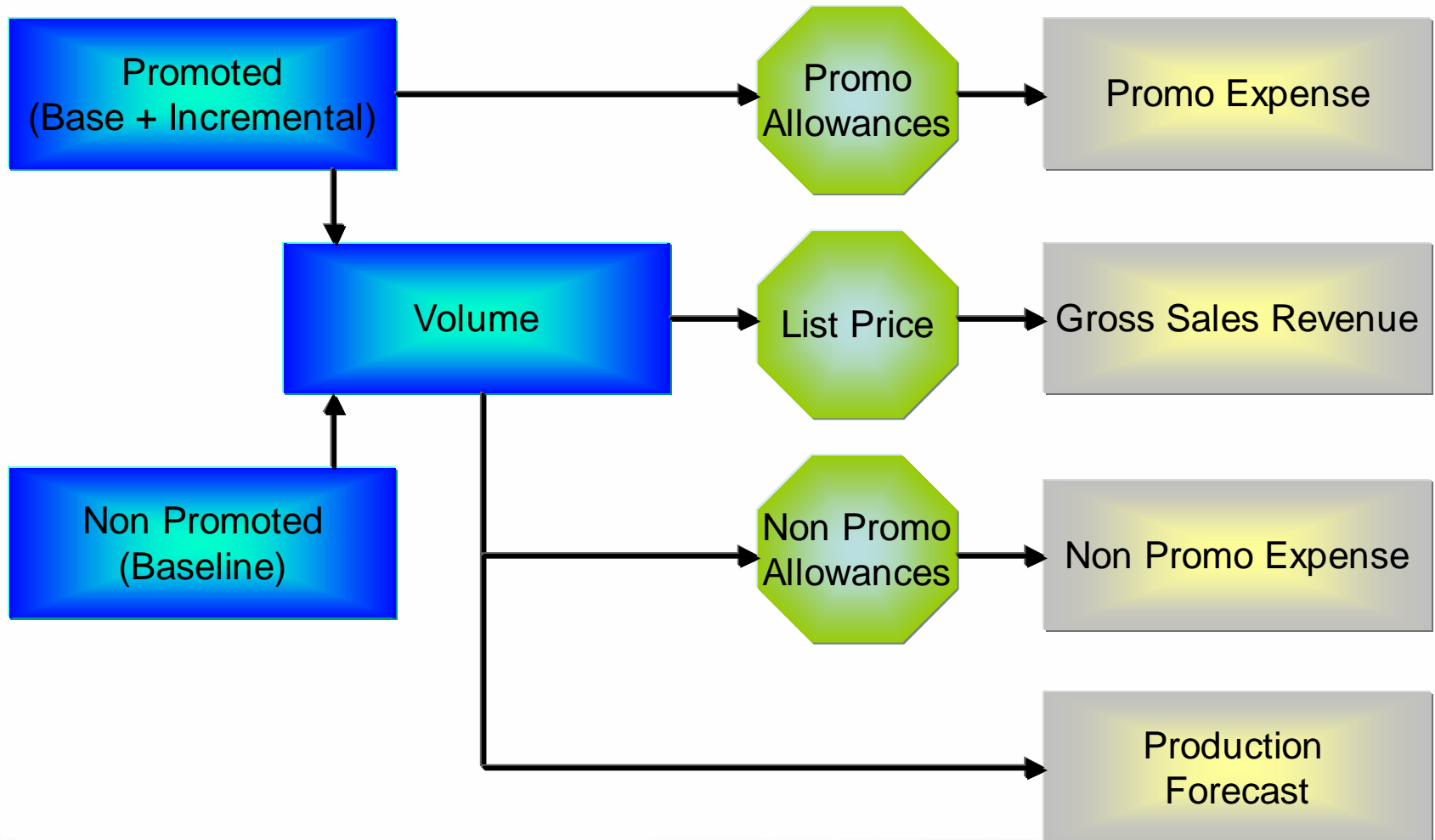
Full Collaboration



The Forecast Cycle is Iterative



Volume is a Key Driver



How We Will Know We Are There

- Fully adopted and collaborative process
- One forecast number embraced by the entire organization
 - TPM overspend, Sales revenue growth
- Monthly forecast error rates consistently near 25%
 - TPM overspend, Sales revenue growth
- Forecast bias within +/-5% (rolling 6 month average)
- Administrative burden on line functions reduced
- Measurable improvements against key goals:
 - ↑ inventory turns, ↑ order fill rate, ↓ DOD's,
 - ↓ TPM overspend, ↑ Sales revenue

Expected Qualitative Benefits

- **Process**
 - Automated, integrated, collaborative trade, consumer and volume forecast = improved accuracy, efficiency & actionability
 - Integration of volume & spending information to automate real time P&L's at all levels of the corporate hierarchy
 - Integration with core corporate processes, managed through ERP & manufacturing planning systems – Proactive not reactive
- **Data Integrity**
 - Capture and manage all data at its source, eliminate all re-keying/manual intervention by linking all relevant systems & data sources
- **Productivity**
 - Significant time savings for Field Sales and corporate users with one data entry point, versus multiple Excel based worksheets
 - Minimize potential data entry errors

Expected Quantitative Benefits

Savings Area	Estimated Improvement %
Reduction in Trade Budget	1
Finished goods safety stock (est. @ 10% Finished Goods Inv @ 5% capital charge)	15
Out of area direct to customer shipments	20
Inbound expedited materials	30
Truck Loading (air weight)	15
Plant line changes	Unknown
Interplant transfers	15
Rapid Sales	25
Deduction Outstanding Days	30
Lost Sales	Unknown



Q U E S T I O N S
A N S W E R S

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