

Findus: From manual to automated supply chain

Findus, part of the Foodvest Group, is a leader in the international frozen food business. Focused on the retail and food service sectors, they have operations in all Nordic markets, France, central and eastern Europe and Thailand. They grow, develop, produce and market a complete range of frozen food products including vegetables, vegetable mixes, prepared meals, recipe dishes, fish and seafood.

With new products introduced on the order of 150 per year, Findus faces many challenges. But their biggest challenge by far – the key to success in their demanding industry – is to add value to their end customers. Carl Dorninger, Group Supply Chain Manager for the Foodvest Group: “We needed to find a way to ensure a near perfect service level. The easy answer would have been to increase our safety stock, but with the high cost of working capital we had to do exactly the opposite. It all came

down to a difficult question: How could we lower inventory while improving service levels to our customers at the same time?”

**Achieve objectives by setting goals**

Although Findus uses a large portion of their total turnover for purchasing, this area of the business was never critically examined for waste and inefficiency. The result: many manual tasks and un-optimized processes. “We decided to focus on purchasing and logistics, make these functions central to our business, to decrease capital binding and shorten lead times,” continues Carl.

Findus’ management team set concrete goals to achieve their objectives: reduce capital binding, standardize / automate processes and improve and control the flow of information and products through the supply chain. (See Figure 1)

**Findus’ Goals**

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|--|--|
| <b>Reduce capital binding:</b>           | Lower inventory 20%  |
| <b>Standardize / automate processes:</b> | Free resources from routine, manual and de-motivating tasks to focus on adding value to the business.  |
| <b>Control info + product flow:</b>      | Improve information flow (customer forecasts, inventory and sales orders. etc) to suppliers. Improve product flow from raw material to finished goods. |

Figure 1: Findus’ Goals

## Choose and implement the right solution

Findus carefully considered how to select the solution to create the impact they needed. "We created an evaluation scheme to define and measure our selection criteria, including the relative importance of each," explains Carl.

- Process 25%
- Product 20%
- Support network 15%
- Implementation 15%
- Commercial stability 10%
- Technology 5%
- Education 5%
- References 5%

"Using this evaluation we analyzed five solutions. In the end we chose Videlity as the best way to achieve our goals."

Findus' Videlity Solution is made up of three elements:

### 1. **Purchase Order Collaboration (POC)**

This system standardizes and automates Findus' ordering procedure.

### 2. **Vendor Managed Inventory (VMI)**

This system puts Findus' suppliers in charge of replenishing Findus' inventory automatically based on forecast data and current inventory levels.

### 3. **Consignment**

When using this module, Findus' suppliers own the inventory until Findus uses it.

Findus' methodical approach also paid off during the implementation phase. Before even beginning to evaluate solutions, their first step was to fully document all processes.

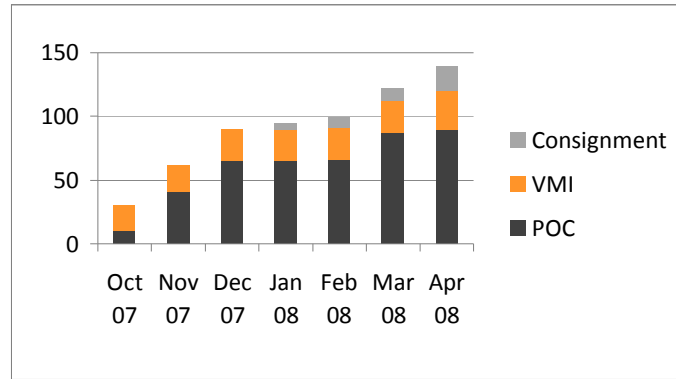


Figure 2: Findus' Rollout

"Implementation was very smooth, and doing our homework helped speed the process. I recommend this approach to anyone making improvements of this type. The investment we made in understanding and documenting our operations paid off during implementation" says Carl. POC and VMI were fully implemented in the spring of 2007, with consignment added by the end of that year.

All three modules are currently being rolled out to suppliers. Figure 2 illustrates the ease with which Findus is adding suppliers, and thus multiplying the impact on their overall business. As of April 2008 there are 90 suppliers using POC, 30 suppliers using VMI and 20 suppliers using consignment - a total of 140 suppliers using the Videlity system.

Findus' suppliers have been overwhelmingly positive. "Since this type of system is relatively new in the food industry, we took the time to visit our suppliers and demonstrate the system to them using their own data. It was an easy sell when they realized how the transparency of the supply chain would improve. Now we're sharing - and making decisions on - the same information. No more debating and misunderstandings. Most of our suppliers see this as another sales channel." says Carl.

## Findus' Results

|  |   |
|--|---|
| <b>Reduce capital binding:</b>           | Lower inventory 20%<br><b>Result: Achieved in 3 months</b>  |
| <b>Standardize / automate processes:</b> | Free resources from routine, manual and de-motivating tasks to focus on adding value to the business.<br><b>Result: Productivity improved 40%</b>   |
| <b>Control info + product flow:</b>      | Improve information flow (customer forecasts, inventory and sales orders. etc) to suppliers. Improve product flow from raw material to finished goods.<br><b>Result: Increased transparency and flexibility</b> |

Figure 3: Findus' Results

### Results: Right on the mark

Findus' results were right on the mark. They reached their inventory reduction goal only three months after going live with their Videlity system. Their purchasers now report at least a 40% improvement in productivity from the elimination of manual processes and reduction of emergency situations. (See Figure 3)

"A couple of good ideas helped us a long way towards the success we've achieved. First of all, by assembling an experienced and focused steering committee, the project had the resources it needed to get off on the right foot. And second, by involving operational personnel like purchasers and IT throughout the entire process we got buy-in from the people that would be using the Videlity system on a daily basis. This keeps focus on the system so the benefits keep adding up," says Carl.

### Just the beginning

Findus is very pleased with the impact that Videlity has made on their business and the speed of their results. "Our theory was proven correct. By automating and adding intelligence to our collaboration with suppliers we create a ripple effect throughout the whole supply chain that ends with a higher service level to our end customers. Now we want to extend the POC, VMI and consignment solutions out to more regions of our parent company, Food-Vest. And, we want to implement a similar solution towards our customers, automating manual processes and assuming responsibility for replenishing their inventory, like our suppliers do for us. This is yet another way we can add value to our customers." He concludes: "Videlity's been a great company to work with. They are more than just a solution supplier – they are eager to help us achieve our goals. It's been a great journey, and we're not through yet."

