

SAP Customer Success Story Consumer Products – Food



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Ron Gilson, CIO, Johnsonville Sausage LLC

AT A GLANCE

Company

- Name: Johnsonville Sausage LLC
- Location: Sheboygan Falls, Wisconsin
- Industry: Consumer goods
- Products and services: Food
- Revenue: US\$500 million
- Employees: 1,000
- Web site: www.johnsonville.com
- Implementation partners: itelligence Inc. and Bristlecone Inc.

Challenges and Opportunities

- Replace multiple, best-of-breed legacy applications with a single integrated planning and execution system
- Prepare for changeover to the mySAP™ Business Suite applications

Objectives

- Implement SAP® Advanced Planning & Optimization (APO) component for demand and supply network planning – independent from the mySAP ERP application
- Continue multiyear plan for transition from legacy ERP to mySAP Business Suite
- Maintain or improve all key performance metrics during and after implementation

SAP Solutions and Services

mySAP Supply Chain Management application with SAP APO

Implementation Highlights

- Made seamless transition from legacy planning system to SAP APO during peak season
- Maintained already high-level metrics for customer service, fulfillment, and delivery
- Preserved legacy data for future use

Why SAP

- Broad and highly integrated functionality that meets vast majority of business requirements in a single integrated platform
- Leadership in functionality that is critical to future growth

Benefits

- Daily forecasting capability
- Enhanced vendor-managed inventory planning and simulation – fully integrated with corporate demand and supply planning
- Capacity-constrained supply plan with future shortages highlighted for exception management
- Long-term (over 5-year future window from current status) supply and demand planning simulation and analysis
- Ability to modify planned orders in the business planning and simulation tool and track execution changes

Existing Environment

Business planning and control system (BPCS) ERP software and Manugistics solution

Third-Party Integration

- Database: BPCS on IBM DB2/400
- Hardware: IBM AS/400 (iSeries)
- Operating system: IBM OS/400 V5R3

JOHNSONVILLE SAUSAGE

Food Manufacturer Uses mySAP™ Supply Chain Management to Gain New Visibility

In its first 50 years Johnsonville Sausage LLC has taken bratwursts and sausages to 39 countries, influencing consumer tastes in nations as diverse as France, Japan, and China. The company uses more than unique recipes to create success – it solidifies customer loyalty by using technological savvy and old-fashioned values such as reliable service. Founded in 1945 by Ralph F. and Alice Stayer, the company remains privately owned today.

While Johnsonville’s headquarters and its six production facilities are based in the United States, the company’s strategy and technology reflect a forward-looking global corporation. To improve its supply chain visibility and responsiveness, the company is pursuing a comprehensive vision of replacing multiple, best-of-breed legacy applications with a single integrated planning and execution platform.

As part of a larger implementation of SAP® software, the company selected the mySAP™ Supply Chain Management application with its SAP Advanced Planning & Optimization (SAP APO) component to gain new visibility into raw material sourcing, finished goods, and customer demand. By teaming technology and talented people, Johnsonville was able to install the SAP APO component before the overall mySAP ERP application. This approach required integrating existing operations with a solid plan for the future.



Facing Deadline, Assessing Risks

In 2003 Johnsonville developed a strategic IT plan to install a complete, integrated SAP platform. Part of the plan was to minimize business risk and allow the company to familiarize itself with its integration partner. As a result, the company began its journey by implementing SAP human resources and payroll functions during the following year.

By 2005 Johnsonville faced a deadline for upgrading its advanced planning environment. However, the company was not yet prepared for a full mySAP ERP implementation. Although the goal was to eventually achieve an integrated single-vendor, enterprise-wide platform, says Johnsonville chief information officer Ron Gilson, multiple considerations made changing the company's entire software platform all at once too much of a business risk. As a result, Johnsonville decided to start by implementing just the SAP APO component. The remaining big-bang implementation was planned for 2007.

Beyond the company's six production facilities and headquarters office, Johnsonville needed to improve visibility into raw material requirements, contract manufacturing resources, and customer inventories. And being able to coordinate that data with its corporate demand planning and production scheduling processes was vital for the company. After all, the company's products are perishable and Johnsonville produces weekly forecasts that look four months out. With on-time deliveries and order fulfillment at industry-leading levels, the new system – with a start scheduled during the busiest season of the year – would have to maintain key performance metrics.

Project Required Creative Solutions

Converting to SAP APO before the larger platform was in place created a unique challenge, Gilson adds, so Johnsonville chose itelligence Inc. – based in Cincinnati – and Bristlecone Inc. – based in San Jose, California – as implementation partners. The partner consultants teamed with company experts to identify functionality, data, and deployment of existing planning systems, to be phased out in 2005.

“The project required creative solutions. It displayed the flexibility of SAP and the elegance of its software,” says Steve Niesman, CEO of itelligence. “Achieving this kind of functionality before the larger ERP system was installed is proof that companies and people manage technology – not the other way around.”

The project team seamlessly converted all the data for Johnsonville's manufacturing, distribution centers, subcontractors, and vendor-managed locations in July 2006. Their work also ensured that the already high metrics for level of service were maintained or even improved upon – while transferring all information about order and shipment history, inventory movement, and procurement.

Dedicated Team of Experts

The project was all the more impressive because few other companies had installed SAP APO in such a manner. “Implementing SAP APO as a stand-alone project limited the amount of change the organization had to absorb at one time,” says Gilson. “The successful implementation and tangible improvements in our planning processes have built confidence for moving forward with our ERP project. One reason we were so successful and the team maintained our metrics was that we had experienced, full-time members dedicated to the project. This wasn't a part-time commitment.”

From blueprinting to go-live, the implementation of SAP APO took about 10 months. “We had people familiar with advanced planning systems and that made the implementation easier,” adds Gilson. “There was less of a learning curve.”

Deep Data Exchange Supports Deep Trust

The knowledge created by the new system is just one key element of the vendor-managed inventory (VMI) program that Johnsonville employs with a number of key customers. Daily feeds of inventory and movement data from customers are

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Brian Harlin, Master Scheduler, Johnsonville Sausage LLC

integrated into SAP APO. This lets Johnsonville determine appropriate order and delivery requirements to meet agreed-upon inventory levels and product mix. Improvements to the VMI process through SAP APO include interactive modeling that permits what-if scenarios and planning versions.

“We get better visibility into our customers’ demand, which helps with production flexibility,” says Brian Harlin, master scheduler at Johnsonville. “Our customers are on these programs for years. This not only provides us with a competitive advantage but also holds our feet to the fire. There’s a deep trust and we are committed to sustaining the correct level of inventory at our customers’ distribution centers.”

Complete View from Suppliers to Customer

Fully integrated, real-time visibility of information across multiple job functions using mySAP ERP means the company has strong support for its next half-century of growth. And when other companies want to find fresh, insightful operational details, they can follow the Johnsonville recipe: skilled people matched with the best technology to create dependable results.

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