



CASE STUDY

S&OP + Inventory Process Improvement

Horizon Hobby

■ PROBLEM / CHALLENGE

Horizon designs, manages the manufacturing, and distributes high-end radio-controlled planes, cars, trains and boats. Their sales increased dramatically during the 2020 pandemic while experiencing significant supply chain disruption. In addition, they plan to triple sales in the next 5 years.

■ Supply Chain Restructure

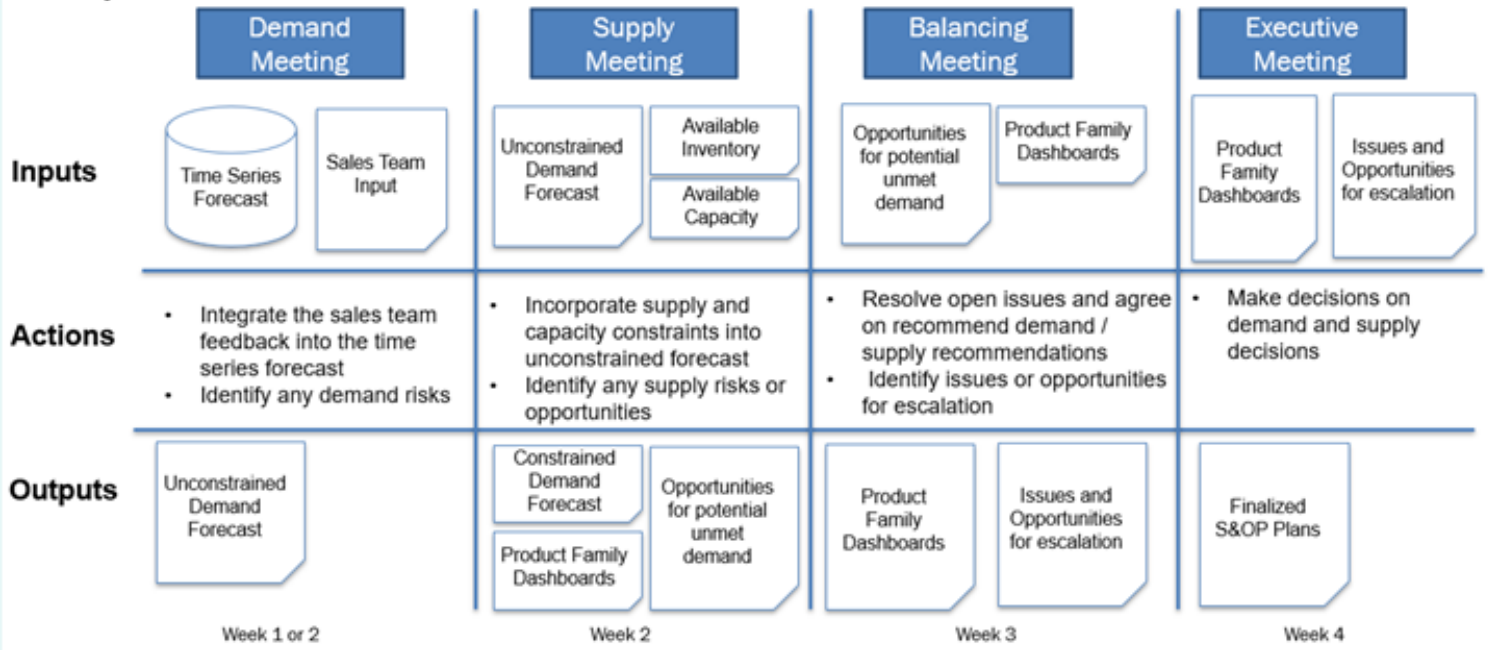
The supply chain team was restructured from one planning group organized by vendor to distinct demand planning and supply planning functions. However, processes were not updated and the teams did not know how to use new forecasting software, creating confusion and supply chain problems.

■ IMPLEMENTATION DETAILS: S&OP

- Developed demand planning and production planning processes to prepare for S&OP
- Implemented Lean Process Improvement in various office functions to ensure information flow to the S&OP process is streamlined
- Implemented S&OP process on two pilot product families
- With the knowledge Horizon Hobby learned from Supply Velocity, they were able to on-board all product families to the S&OP process, on their own
- Taught the Planning Team how to properly use their forecasting software, Logility, and integrate it in the S&OP process

■ S&OP MONTHLY PROCESS

Monthly Process



■ IMPLEMENTATION DETAILS: Difficulties Encountered

- During the assessment of the business, we determined that the current demand planning and supply planning processes were not clearly defined and effective enough to support a new S&OP process. As a result, we started the project with process improvement for these areas before developing the S&OP process.
- The sales team did not have any input into the forecast. After working to encourage their support, the CEO asked us to focus on analytical algorithmic forecasting to support planning.
- The business continued to grow throughout the project and outgrew its current warehouse footprint. This resulted in changes to planning based on where products would be stored.

RESULTS

- Increase fill rates and decreased overall inventory investment
- Improved forecast accuracy
- Increased visibility into supply chain disruptions and potential impact on inventory levels
- Increased alignment between Operations and Finance on the plan and its risks
- The S&OP process created a common language that improved communication across the organization
- Provided improved credibility to leadership while presenting to the board

"We've seen our forecast accuracy improve, our bias reduced, inventories nearing targeted levels and our fill rates nearing or exceeding targets across all our business categories."

- Michael Ritter, COO