



CUSTOMER CASE STUDY

G.H.MUMM & CIE



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**David Labrousse, Planning and Procurement MS Manager,
G.H.MUMM & CIE**





G.H.MUMM & CIE

PLANNING HAS BECOME THE CORNERSTONE AT G.H.MUMM

THE COMPANY: G.H.MUMM & CIE

With an outstanding heritage dating back to 1827, with its recognizable red ribbon, a symbol of excellence, the G.H.MUMM Cordon Rouge blend, a

HIGHLIGHTS	
Company	G.H.MUMM & Cie (Martell Mumm Perrier-Jouët, Group Pernod Ricard)
Headquarters	France
Industry	Food and Beverage
Products	Champagne
QAD DynaSys Solution	Demand Planning, Production Planning and Procurement Planning



perfect incarnation of the brand, stands apart thanks to the freshness and intensity of its oenological style, conserved and passed down from one generation to another by the Cellar Masters.

G.H.Mumm is the market leading international champagne company in France and third in the world (IWSR 2012).

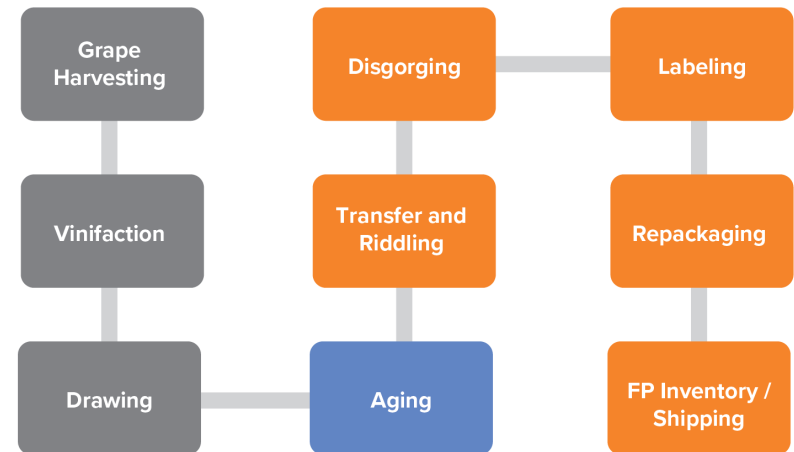
THE CHALLENGE: COMPLEX AND LENGTHY PRODUCTION PROCESS

To really understand the needs and stakes of G.H.MUMM, we have to understand the manufacturing process involving 8 million bottles of champagne.

This represents a manufacturing cycle of between 3 and 6 months, with each step playing a decisive role in maintaining the quality of the champagne. "Ours is a living product, which continues to change as it ages. It requires vigilance because stabilization and improvement

are not always synonymous. Aging for too long can result in a loss of quality. It is no easy matter to find the ideal "just-in-time" balance but it is essential if we are to meet the high demands we set for our champagnes" explains David Labrousse, Planning and Procurement MS Manager.

This requires particularly accurate inventory management coupled with sufficiently refined and precise control of the entire supply chain in order



Typical champagne manufacturing process over a 6 month period

to be proactive and make the right decision at the right time. “We have to synchronise the various decision-making levels to harmonize our processes and remain consistent from one end of the product life cycle to the other”, adds David Labrousse. This was the main reason for selecting QAD DynaSys Demand and Supply Chain Planning (DSCP) solutions: Demand Planning, Production Planning and Procurement Planning.

THE SOLUTION: CONTROL AND OPTIMIZATION

Whether it concerns the improvement of production resources, working times or inventory management, every detail is crucial for a luxury product like champagne. “In our field, responsiveness to customer demand is critical. Having stock costs less than losing a customer” he goes on.

Control

It requires anticipation and accurate information to reach the right decision. This is where QAD DynaSys comes in, with its DSCP solutions and its project teams, totally familiar with every aspect of the champagne world.

“The QAD DynaSys tools are efficient, enabling us to carry out rapid, detailed, accurate and reliable analysis which is, in a word, relevant” states David Labrousse. “Since the solutions offered by QAD DynaSys are flexible, we quickly set them up to closely match our requirements, without wasting time and money on specific and costly development. We have not reinvented anything, we have just applied best practice.”

Optimization

Planning is at the heart of the company, a way of directing, validating and perfecting their multiple plans:

- IBP (Industrial and Business Plan), focused on capacity and investment, drawn up by the half year for 10 years, and at format level
- S&OP (Sales & Operations Planning) providing a budget approach, management of over/under capacities and optimization of industrial tools as well as product life cycle management. This plan is drawn up by the month, for a period of 24 months, in a macro-format and using special SKUs (Stock Keeping Units)
- MPS (Master Production Scheduling) for managing working times, quality and customer service. This plan is calculated by the week for a period of 6 months, and at SKU level

The planning department, employing four people at G.H.MUMM, has a horizontal view of the entire process enabling it to quickly deal with issues, in agreement with management. Weekly planning enables the company to reach decisions according to the needs and analysis carried out using the QAD DynaSys solutions. “Every week, we get a clear view of the four weeks to come. An issue regarding a late delivery of dry matter? or a manpower issue? An emergency? An earthquake somewhere in the world? – These things happen – Our management method is in step with reality” considers David Labrousse. “We are capable of providing company management as well as managers of the commercial, marketing, production, purchasing, technical departments with the information they need”

G.H.MUMM & CIE IMPLEMENTATION OF DSCP SOLUTIONS

17%
BUDGET REDUCTION

REDUCED
EMERGENCY EXPEDITES

85%

7 TO 4.5 WEEKS
AVERAGE LEAD TIME REDUCTION

15% REDUCTION IN
FINISHED PRODUCT INVENTORY

For instance, precise planning in this way enables the company to place amalgamated orders for its labeling requirements. The equation is simple: better knowledge of requirements + better visibility + better procurement control = less obsolescence and fewer orders. This has generated a direct gain in terms of a cost reduction of 17% over 3 years.

THE BENEFITS: REDUCED INVENTORY, COSTS AND INCREASED VISIBILITY

- 15% reduction in finished product inventory prior to shipping
- Maintained service level while reducing the longest lead-time from 14 to 6 weeks
- Better visibility of labeling procurements and product mix (amalgamated orders based on the largest quantity)
- Reduction in emergency reordering – only 3 per year instead of 21 three years ago
- Stabilization of the production plan to ensure better team and manufacturing tool management

THE FUTURE:

G.H.MUMM has already taken the first step: better control of its S&OP processes and the improvement of the match between strategic and operational planning. Or... “How to synchronise planning with the actual conditions in the field” adds Labrousse

And his closing words are: “We have projects underway reviewing our working hours. What we want is to balance out the annual working hours for our employees, avoiding under-capacity and therefore sharing out the working times as best we can throughout the year. Optimizing our capacity management will enable us to strengthen relations with our subcontractors, by involving them in our planning process. We also want to reduce the obsolescence of our limited editions. Currently obsolescence is only 1.8% for regular products but is up to 12.5% for our special products.”

“The implementation of QAD DynaSys Demand & Supply Chain Planning solutions is not an end in itself, it is a decision support tool. These tools help us make our information more reliable but above all, they represent solutions opening new opportunities for us. We have to learn how to best utilise them.”

David Labrousse
Planning and Procurement MS Manager, G.H.MUMM & Cie

