

# Brüggen: Setting Milestones with the SAP® SCM Rapid-Deployment Solution for Demand Planning

Picture Credit | H. & J. Brüggen Gb. Lübeck, Germany. Used with permission.



**Executive overview**

Company

Vision

Why SAP

Implementation

Solution

Benefits

**Company**

H. &amp; J. Brügggen KG

**Industry**

Consumer products – food companies

**Products and Services**

Private-label cereal products for food retailers and the food industry in Europe, America, the Middle East, and Africa

**Web Site**[www.brueggen.com](http://www.brueggen.com)**SAP® Solutions**

SAP® SCM rapid-deployment solution for demand planning

**Partner**

SAP Consulting



How can a firm perform a crucial service in a sensitive industry – supply foods to grocery retailers – and achieve service levels, lower inventory, and increase reliability for the purchasing department? The success of all supply chain processes depends on the greatest possible accuracy in demand-planning figures. H. & J. Brügggen KG implemented the rapid-deployment solution for demand planning based on the SAP® Supply Chain Management (SAP SCM) application and got spot-on precision.

Executive overview

**Company**

Vision

Why SAP

Implementation

Solution

Benefits



# Brüggen – A world of cereals

Brüggen has been dealing in high-quality cereal products for almost 150 years. In recent years, the company's development has been characterized by steady expansion and a high level of dynamics. An annual high-growth rate and an annual production capacity of over 150,000 tons of cereal have earned Brüggen a reputation as being one of the fastest growing of the leading cereal manufacturers in the world today.

Brüggen produces private-label products for prominent global supermarket retailers. It is due to the company's competitive pricing that it has achieved a position as a leading supplier of premium quality products, maximum value products, and products in the conventional as well as the organic market.



## 150,000 tons

Of cereal produced annually

Executive overview

Company

**Vision**

Why SAP

Implementation

Solution

Benefits

# Gaining insight into purchasing patterns

Brüggen wanted to optimize demand planning but reduce planning effort. It needed better input for production and purchasing. Seasonal items provide a good example of the company's need. "We know that people always buy cereal bars before the start of summer for their vacation or free time – about the end of March or beginning of April," explains Benjamin Heckert of the controlling department. "That pattern was well known." But the company wanted that kind of precise information about its other products. It sought insight into how steady sales were of its different products and an accurate product-specific overview of strongly fluctuating trends.

To chart the patterns, Brüggen divides the products into different groups. For example, does the product enjoy steady sales – on a regular basis? If yes, the demand planner does not need to plan the quantities manually because, in this case, the software could forecast the future demand fairly precisely. The numbers are usually quite accurate for seasonal articles as well. Particular attention needs to be paid, however, to articles that customers order only sporadically. Here Brüggen's software had to check the numbers carefully, because the mathematical model can't forecast future demand as accurately as it can with other categories, due to a smaller base of relevant data. But according to Heckert, dividing the articles into groups did save a lot of time.

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"The articles showing sporadic sales patterns require intensive monitoring. In those cases, software support makes the demand planners' work much easier."

Benjamin Heckert, Controlling, H. & J. Brüggen KG



Executive overview

Company

Vision

**Why SAP**

Implementation

Solution

Benefits

# Working with actionable, relevant data

The SAP SCM rapid-deployment solution for demand planning fulfilled Brügger's requirements. With its user-friendly interface, the software supports highly intuitive product selection, which users can specify with a versatile range of useful attributes, including product, location, and sold-by party. It also generates graphics and charts of comprehensive, actionable, relevant data and includes an overview of the last 24 months of the product in question. "This allows us to identify particular patterns more easily," Heckert points out. "One important market effect, for example, is the seasonality of a product, which only really

becomes apparent after you look at its two-year history. This gives us a good forecast for the next 12 months."

Brügger realized right away that the rapid-deployment solution would simplify and improve its entire material flow – from raw material purchases to sales – thanks to more precise purchasing and production planning. "In the future, we won't always have to stockpile the same quantities in the warehouse every month," notes Martin Gries, director of supply chain management. "We'll know what we need."

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"Because the software helps us fine-tune our purchasing and production based on forecast consumption, we can be confident of providing an efficient delivery service with minimal need for warehousing."

Martin Gries, Director of Supply Chain Management, H. & J. Brügger KG



[Executive overview](#)[Company](#)[Vision](#)[Why SAP](#)[\*\*Implementation\*\*](#)[Solution](#)[Benefits](#)

## Fast-paced implementation

The implementation project started in May 2011 with the technical setup of the server. Kickoff for the implementation of the SAP SCM rapid-deployment solution for demand planning was in July, with the software going live November 16. Only four months had elapsed from the evaluation phase to productive operation of the software. With the setup of the server included, the implementation took seven months. Completing this kind of project work so quickly is proof of the skillful coordination, planning, and implementation activities of Heckert and Gries, who led the project, and SAP Consulting, who assisted. The implementation went smoothly due in part to the predefined scope, which served as a template during the blueprinting phase. Five demand planners began working with the demand planning software as soon as it went live. The balance of the demand planners in Lübeck, Germany, and Wilga, Poland, switched over to the software in February 2012.



# 7 months

To complete implementation, including server setup

[Executive overview](#)[Company](#)[Vision](#)[Why SAP](#)[Implementation](#)[\*\*Solution\*\*](#)[Benefits](#)

# Planning with confidence

Brüggen wanted to develop a more robust, more secure, and more efficient supply chain. Generating forecasts of greater reliability was also important for the company's planning activities. SAP SCM helped the company achieve all of these objectives. Especially valuable were the solid forecasts the software provided, based on mathematical data and historical values. In addition, the rapid-deployment

solution is straightforward to use, boasts an intuitive user interface, and displays comprehensive data that is nevertheless visually attractive and readily understandable. The software can generate plans by product, location, individual customer, or article characteristics. It integrates tightly with the SAP ERP application, where demands for raw materials and packaging can be calculated.

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“Looking ahead with confidence is something we all want to be able to do. When your business is based on it, it's more than a wish. It's a necessity. The rapid-deployment solution helped us realize this impossible dream – and on a daily basis.”

Martin Gries, Director of Supply Chain Management, H. & J. Brüggen KG



Executive overview

Company

Vision

Why SAP

Implementation

Solution

**Benefits**

# Using forecasts to reduce rush orders

Almost every department in the company benefits from more precise planning data – from the timely purchase of raw materials in the correct quantities to production and sales, which supplies customers with the required goods. Use of the demand-planning tool has reduced the number of short-notice and rush orders as well as excess production quantities, which end up in storage for longer than the company likes.

A key user in sales, Sylvia Wonrath, emphasizes, “The rapid-deployment solution provides us with a clearly structured graphic that displays a forecast and tells us, for example, the sales history of a product over two years of a given period.” With the software, demand planners can also select by the sold-to party. This is of great benefit for the

customer, because the better the planning is for each individual sold-to party, the more reliably the company can supply that party.

The average planning accuracy at each ship-from location had been 40% to 55%. Heckert and Gries reveal that after four months of using SAP SCM, planning accuracy rose by an average of 20% to 30%. “This was a stupendous improvement. We hope these results will be consistently high across all articles.” Each indicated that such an across-the-board increase would lead to a substantial improvement in the company’s ability to deliver, increase production efficiency in general, and reduce stock throughout the supply chain.

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“Previously, demand planners had to fight through a numbers jungle. The planning data included products we no longer sell. Today it’s different. The software is smart enough to show us just the relevant data and the active articles.”

Sylvia Wonrath, Key User in Sales, H. & J. Brüggen KG

