

CASE STUDY FOCUS: PLANNING, NETWORK OPTIMIZATION

Leading Quick Service Restaurant (QSR) Franchise Effectively Launches National Promotion Despite Limited Capacity for Supply

Through HAVI Support in the Creation and Management of Pre-built Finished Goods

To accommodate the forecasted supply needed for a QSR's new chicken wing product launch when available storage and capacity were limited, HAVI created and lead the management of an incremental warehouse strategy to hold pre-produced finished goods. In order to generate an efficient and effective strategy, HAVI considered the forecast, product shelf life, supplier capacity and delivery transit time to ensure the right amount of product was placed in the right warehouse locations to minimize product transfers, incremental freight costs and FEFO (First Expired First Out) distribution to the restaurants.



Challenge

A leading QSR identified the strong consumer demand and interest in chicken wings, and outlined a promotion to penetrate that market and meet the consumer demand. Realizing the volume of product that would be needed to meet that demand and the capacity stress it would put on production suppliers, the QSR recognized that it could not produce the amount of chicken wing volume needed within a typical planning cycle (e.g. 10 weeks prior to a launch).

With the limited weekly volume that would be available, the QSR understood the need to start manufacturing the chicken wings months ahead of the launch plan. As a result, a significant pressure was placed on the supplier's warehousing system, exceeding their existing storage capacity. The supplier required additional 3PL warehousing assistance to support finished good until the program deployed months later.

Furthermore, due to the nature of the product (size variability, weight, and quality control), transportation capacity was also identified as a challenge that needed to be addressed - establishing a sophisticated puzzle of planning and scheduling trucks and freezers from the warehouses to the restaurants. The weight limitations of the product necessitated more transportation capacity and time.

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Solution

Seeking HAVI for support, the QSR was able to accommodate the supplier in order to meet the demand needed to fulfill the promotion in the timeframe allotted for processing. To do so, HAVI leveraged a sophisticated planning process, creating an optimized warehousing strategy and process to minimize production, transportation and shipping costs of large chicken wings to national restaurants.

HAVI was able to manage the inbound and outbound distribution and shelf life of pre-build chicken wing Inventory across 22 locations from production through promotional execution. By working with logistics teams and the supplier, HAVI established forward warehouse locations that would not only reside in the optimal locations, but maintain the projected capacity needed, minimizing any liability of lost product prior to the launch.

HAVI evaluated potential logistics and supplier locations against the QSR's distribution network to create an optimized network strategy, minimizing the amount of locations that would be needed, while also minimizing the cost impact to the restaurant owner by avoiding large carrying costs. HAVI then created measures to help demonstrate the value of how this would be of benefit to the QSR, leveraging a traceable First Expired First Out (FEFO) distribution strategy.

At the conclusion of the promotion, HAVI strategically partnered Marketing with Supply Chain management to evaluate the projected unused inventory and to develop an incremental promotional event to use through remaining pre-build inventory.

Benefits

- **100% assured supply and 0 stock outs** throughout the entire promotional window through the creation of an optimized warehousing process and inventory plan.
- **Effectively managed QSR's pre-build inventory** of chicken wings for national promotion launch.
- **Ensured product safety and quality** through the enforcement of Standardized Operating Procedures outlining the proper handling, warehousing and transportation requirements for the product being managed resulting in 99.9% quality assurance.
- **Minimized costs** through the development of an optimized distribution strategy and FEFO inventory management strategy resulting in less than 0.3% product waste due to product expiration and 99.9% accuracy in product placed in the correct location.
- **Launched a contingency promotional strategy** to eliminate excess pre-build product remaining at the end of the planned promotion reducing projected waste by 98%.
- **Repeatable pre-production model** that can be leveraged for future promotional or program needs.



HAVI is a global, privately owned company focused on innovating, optimizing and managing the supply chains of leading brands. Offering services in supply chain management, packaging, logistics and recycling & waste, HAVI partners with companies to address challenges big and small across the supply chain, from commodity to customer. Founded in 1974, HAVI employs more than 9,000 people and serves customers in more than 100 countries. HAVI's supply chain services are complemented by the customer engagement services offered by our affiliated company The Marketing Store. For more information, please visit HAVI.com.

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