

CASE STUDY: DOMINO'S PIZZA

DOMINO'S PIZZA DELIVERS - TO DOMINO'S



Domino's Pizza is a world leader in pizza delivery, operating a network of more than 7,800 stores in the United States and around the world. To support these stores, Domino's Pizza Distribution operates 17 domestic distribution centers.

CLIENT:

"Time saved is the biggest benefit. Using Park City Group, we streamlined the tactical and expanded the strategic. With Park City Group's order enhancement, we use the time saved to make more strategic decisions that will lower inventory levels. Because distribution centers must never run out of supplies and ingredients, planners pad the safety stock. We'd rather be heavy than wrong. As planners become more confident in their new model they can back off, reducing distribution centers safety stocks – and cutting corporate costs – with no risk of running out."

-Jimmy Simonte, National Director of Inventory Management
Domino's Pizza Distribution

To find out more about Park City Group solutions, call us at 435-645-2000 or visit us on the web at www.parkcitygroup.com.

CHALLENGE:

SAVING DOUGH IN A UNIQUE SUPPLY CHAIN

Because Domino's Pizza Distribution delivers only to Domino's stores, supply-chain inefficiencies can't be shifted to a trading partner or a retailer. After all, Domino's is both! On the other hand, efficiencies gained anywhere in the supply chain – from better labor and pallet utilization in the warehouse to optimized deliveries – go directly to the bottom line.

The organization was faced with a few challenges when it reorganized its inventory management system, slicing in half its number of planners from 18 down to nine. "In 2002 we centralized," says Domino's National Director of Inventory Management, Jimmy Simonte, "We brought the planners home." Once the nine planners were all working out of the Ann Arbor, Michigan headquarters, Simonte noted that each was managing their forecasts differently. Centralized order management would be a nightmare unless the planners agreed on a new method.

SOLUTION:

PARK CITY GROUP WITH EVERYTHING

Although Domino's was already using Park City Group's Demand Planning module, the company did its due diligence, completed a needs analysis, and looked at several other systems to round out its inventory and replenishment planning solution. The pizza giant determined Park City Group was still the best choice to deliver the tools it needed to manage its inventory in the new centralized system. Along with Park City Group's Inventory and Replenishment Planning, Domino's added Optimized Orders and Advanced Time Phased Replenishment.

RESULTS:

COMPLETELY SATISFIED

By the summer of 2005 when the upgrade to Park City Group 6.3 was complete, another gap in the order management system was revealed. Domino's needed the ability to stagger inventory receipts. For example, one distribution center receives five truckloads of frozen meat toppings per week. But because of space constraints and shelf life, the distribution center wanted to receive one truckload per day for five days to preserve freshness, but still run only one weekly order generation. "Some products have a 14-day shelf life," says Simonte, "so the difference between a Monday and a Thursday shipment can be dramatic." Park City Group's development and support team created a solution to help accommodate this requirement.

At the same Domino's distribution center the freezer has about 200 pallet slots, or approximately 8.3 truckloads. Before, Park City Group would schedule the five weekly truckloads of frozen meat toppings to arrive and load up in one day; and on the next day warehouse labor might have had little to do. But with the new optimized order logic, Domino's could load one truck per day – optimized for the most efficient delivery.

This way, truckloads contain the amount of product a distribution center will use in one or two days – not a week. Similarly, other ingredients and supplies such as pizza boxes ship daily (when there is a need) instead of weekly – although the forecasts are still made on a weekly basis. "Staggering," says Simonte "helps us maximize our overall supplier chain efficiency."

According to Simonte, in addition to the speed and ease of order generation, another benefit of Park City Group is how it has improved internal training. In the old days, a new planner had to learn the way his or her predecessor did things. And since each planner did things differently, this was not the smoothest way to orient new hires. Now, since planners learn a more uniform approach, training is easier and less time-consuming. "No more keeping data in planners' heads or spreadsheets," says Simonte. Instead, "It's all on Park City Group." This new approach allows Domino's inventory management a more consistent output than ever before.

With Park City Group, instead of spending three-quarters of the week manually putting orders together, Domino's planners can focus more time and attention on making strategic decisions. For instance, on Mondays, planners review last week's data, identify exceptions, and learn how accurate they were the prior week. By Tuesday, with an up-to-date forecast in hand, planners will kick off a batch job – say 7-10 truck orders (30-50 shipments) per distribution center. After scanning the data and making small adjustments, the orders are transmitted to Domino's ERP system. On Wednesday, after receiving order confirmations, planners simply repeat the process for freight orders. In short, Park City Group was the perfect ingredient for delivering efficient supply chain solutions to Domino's. That's because Park City Group understands its clients' business issues at a level deep enough to provide advanced solutions that streamline operations, improve quality, and save money.