

CASE STUDY: RANIR, LLC

HOW RANIR FILLED ITS FORECASTING NEEDS WITH PARK CITY GROUP

Founded more than 35 years ago, Ranir LLC is a leading private label and contract manufacturer of dental products. Its early success came from selling a variety of dental flosses, but over the past 20 years Ranir has expanded its product line to include toothbrushes, travel kits, accessories and most recently, dental whitening products. Because of the company's commitment to award-winning quality and service, Ranir has become the largest private label manufacturer of oral care products in North America.

This is a story about how Ranir used Park City Group's Enterprise Demand Planning (EDP) solution to increase forecast accuracy, refine its sales and operations planning process, and provide even better service to its customers.

CLIENT:

"Everyone in the company has to buy into sales and operations planning, or the program isn't going to succeed. With Park City Group, we are able to collaborate – company-wide – on the forecast. This has helped each department measure its respective performance, as well as meet management's expectations."

-Elaine Bolt, Forecasting Manager
Ranir

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:

GETTING TO THE ROOT OF THE PROBLEM

Ranir had a big cavity to fill when it came to planning. Forecasts were generated in a vacuum because the sales team wasn't involved in the process. Because the sales department was not informing other departments about new product introductions and promotions, forecasts were based on historical data alone, with no visibility into upcoming events.

This is significant since promotions account for 10 to 12 percent of Ranir's monthly business. And, once a product is branded for a specific retailer, Ranir can't just substitute one brand for another if it runs short during a promotion. Likewise, the company can't sell excess inventory to another retailer if it over-produces.

New product introductions come with their own set of challenges. First, there is the 90-day lead time required for some of the company's outsourced products. Then, because each retailer has its brand-specific requirements, one new product can quickly turn into 100 different SKUs.

A forecast that ponders the past rather than focuses on the future is going to miss the mark. And that's just what happened to Ranir. Its forecasting accuracy hovered at about 50 percent, resulting in high inventory levels, shipping delays, and unhappy customers.

Something had to change. Enter Park City Group's Enterprise Demand Planning (EDP) solution.

SOLUTION:

PARK CITY GROUP FILLS THE CAVITY

Ranir decided that consensus forecasting was necessary to improve the forecasting process; and the head of sales, who was familiar with Park City Group from a previous company, was confident that Park City Group could help Ranir with its forecasting woes.

The company knew that customer demand drives purchasing and production, and the sales force had the most visibility into that demand. Therefore Ranir developed a forecasting process that involved collaboration between sales, marketing, production, and planning.

Every month, Park City Group generates a forecast based on two years of sales history. Then, the forecast is sent to the sales team; they review the forecasts, make necessary adjustments based on upcoming promotions and new product introductions, and send the updated forecast back to planning. Data from other key departments is incorporated, the various data is fed back into Park City Group ... and an integrated, accurate enterprise-wide forecast is generated.

The forecast, which is the main event at the monthly sales and operations planning (S&OP) meeting, is then loaded into Ranir's MRP system. Each business unit reviews the forecast prior to the S&OP meeting, and they come to a consensus before presenting the final forecast to management. At the meeting, management is given the opportunity to review the data and come to a consensus around the numbers.

If there is a discrepancy, the forecast is run through the Park City Group system again, and the revised forecast is submitted to management. Once the forecast is agreed upon, production and planning use those numbers to run the business for the coming month.

RESULTS:

A GREAT S&OP PROCESS CAN BE VERY FILLING

Ranir continues to refine its S&OP process because of the value it brings to the company. The collaborative planning process gives the entire organization insight into management's plan for the future, provides a tracking mechanism on year-to-date sales versus what was forecast, and provides the best way to improve on forecast accuracy and ultimately, generate perfect orders.

Since implementing Park City Group's Enterprise Demand Planning solution, Ranir's forecast accuracy has gone from 50 to 90 percent. Customer service levels have improved, fill rates have increased by 10 percent and there is lower on-hand inventory. Now THAT'S something to smile about!