

Customer Success Story

Tillamook achieves growth with strategic supply chain planning



Saved \$4.2M in spoilage and obsolescence



Improved forecast accuracy by 25%



Decreased finished goods inventory by 50-75%



Expanded sales volume, products, customers and distribution points



Increased fill rates to a reliable 98-99%



Increased visibility of new items across production locations

Challenge

Tillamook needed a planning system with the capacity to scale with the company's strategic growth ambitions. With an expanding product portfolio that must be aged up to eight years ahead, a rapidly expanding customer base and a goal of hitting a 99% company-wide fill rate, Tillamook needed a more sophisticated planning approach to replace its Excel-based efforts.

Logility Digital Supply Chain Platform

Logility helped Tillamook gain visibility and optimize its digital supply chain planning to support the organization's aggressive expansion goals with more accurate forecasts, improved fill rates, reduced inventory levels and less spoilage and obsolescence.



Facts

Industry
Food and Beverage

Headquarters
Tillamook County, OR

Revenue
\$1.4 billion

Profile
Tillamook County Creamery Association manufactures and sells high-quality dairy products including cheese, yogurt, ice cream, sour cream and butter.

"Our strategic growth plans require greater visibility and a flexible platform for both digital and operational supply chain success. Logility has been a key partner in support of our long-term goals and we look forward to new opportunities in the future."

Michael Bever, Executive Vice President of Operations - Tillamook County Creamery Association

Founded in 1909 as a farm co-op, Tillamook County Creamery Association [Tillamook] has grown to include 90 farming families manufacturing dairy products in Oregon under the Tillamook brand name. Starting in 2017, the co-op took a significant leap forward, expanding past its market west of the Rockies to include national customers including Costco, Wal-Mart, Kroger, Safeway and Albertsons. Today Tillamook sells into all channels, including retail, food service and club stores, and the co-op launched a deli program in 2019.

To support rapid growth, Tillamook needed to replace its ERP and Excel-based planning processes and break down silos among planning, finance and sales that had everyone working off their own numbers, with limited budget collaboration. Tillamook found the answer in Logility's digital supply chain platform to optimize its internal plants as well as 14 co-manufacturers.

Slowly Aging Cheese Meets Fast-Growing Demand

Tillamook's largest and highest-margin category is one of its most difficult to plan: cheese. Nearly two-thirds [65%] of cheese products must be aged between nine months to eight years before going to market.

"We have to figure out today what we think we're going to sell two years from now and eight years from now, and have the right cheese in the right

place at the right time," explains Elaine Videau, senior planning manager, Tillamook. "It has to age in the right month so we can convert it to hit our time horizons." A constant flow of new distribution locations and a company-wide fill rate objective of 99% further increase the challenge. Visibility into demand, supply, inventory and production are critical for success with this expanded growth in both products and customers.

Supply Chain Planning for Aggressive Growth

As Tillamook's business grew more complex, the company transitioned from forecasting at an item level to an item-location level in order to get the best possible signals about demand. The team also integrated the sales and statistical forecasts so planners can quickly compare their system-generated numbers to those provided by the sales team.

Logility Demand Planning™

enables Tillamook to rationalize its broad product line by providing a comprehensive forecast of demand by SKU, customer and distribution channel.

Logility Inventory Planning™

allows Tillamook to leverage time-phased inventory policies that align business seasonality with corresponding customer service goals.

Logility Manufacturing Planning™

helps Tillamook create a better manufacturing plan to help maximize inventory investments and free up production capacity.

Logility Replenishment Planning™

isolates and manages inventory and service performance at a product-specific level.

Logility enables you to:

- Boost forecast accuracy
- Improve sales and operations planning
- Increase inventory turns
- Successfully plan and manage promotions
- Set time-phased inventory targets
- Easily collaborate with suppliers and customers
- Improve sourcing and production of private-labeled and branded products
- Reduce out-of-stocks

“Building more accurate and more granular forecasts has allowed the supply chain team to have more credible conversations, drive consensus forecasting and have a seat at the executive table,” says Brad Blasi, demand planning manager. As a result, Tillamook increased its forecast accuracy from 70-80% to 85% with Logility. This significantly more reliable demand plan enables the company to synchronize inventory investments, production and distribution to serve a growing customer base while reducing inventory and obsolescence.

Tillamook plans its finished goods inventory based on days of supply and perishability. For example, the seasonality capabilities in Logility Inventory Planning and its seasonality intelligence help the company pre-build inventory to meet summer ice cream demand spikes. The co-op also uses Logility to optimize conversion locations, expiration dates and co-manufacturers.

Drives Impressive Results

With comprehensive supply chain planning, Tillamook decreased its finished goods inventory by 50-75%, decreased swings in short- and long-term cheese to age needs and met inventory targets. Logility enabled Tillamook to migrate away from planning replenishment orders in error-prone Excel spreadsheets and a manual, labor-intensive procurement process. With the visibility and automation from Logility, the planning team can focus on exceptions and value-adding activities while allowing the Logility solution to automatically release orders into its ERP system. This new

automated and streamlined procurement method reduces errors and accelerates processing time.

Tillamook leverages Logility Manufacturing Planning for capacity planning and “what-if” scenario analysis to enable capital expense improvements. The supply chain planning group also handles company-wide, long-range budget planning. Overall, the Logility digital supply chain platform has helped capture important tribal knowledge, optimize planning, enable mass updates and reduce overall business risk.

Ready for Growth

With Logility in place, Tillamook is well prepared to continue supporting the company’s aggressive expansion goals, with more accurate forecasts, fill rates of 98% to 99%, reduced inventory levels and less spoilage and obsolescence and a synchronized production network. “We want to be the nation’s leading dairy brand, and with Logility we are setting the tone to accomplish our goal,” says Videau.



About Logility

Accelerating the sustainable digital supply chain, Logility helps companies seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility® Digital Supply Chain Platform leverages an innovative blend of artificial intelligence [AI] and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility. Logility is a wholly owned subsidiary of American Software, Inc. [NASDAQ: AMSWA].

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