

BP Castrol Specialty Chemicals



- Needed improved Sales and Operations Planning (S&OP) process
- Incorporated inventory optimization to achieve desired service levels
- KPIs improved dramatically

Faced with a Tough Challenge

BP Castrol initiated a program to improve their Sales and Operations Planning (S&OP) processes. A team was assembled and Alessandro Tenaglia was charged with leading a project to overhaul systems across Europe.

The team was faced with reactive supply chains caused by forecasts that were inaccurate, unreliable and incomplete. The forecast did not extend to all SKUs and calculations required intensive manual work. The supply chain was still widely order-driven and structured to be reactive, rather than proactive.

Alessandro described some of the demand planning problems, “The demand forecast was carried out by sales and marketing, so the supply chain people reworked the forecast in order to trigger replenishments. We had a lot of uncertainty due to poor forecast practices.”

Castrol is an automotive aftermarket brand leading lubricants manufacturer available in more than 140 countries lubricants manufacturer.

“We’ve seen dramatic increases in our service level with significant reductions in inventory across Europe.”

- **G. Chick,**
Central Europe
Supply Chain Director,
BP Castrol



The inventory side was also challenging. Most slow moving products had excess inventory. Fast moving products were often out-of-stock. Safety stocks had been set manually, based largely on personal experience. In the calculations, there was little formal sense of supply and demand uncertainty. Safety stocks were infrequently adjusted, and when they were, it was often in reaction to a single event. For instance, an under stock situation would often trigger an increase in safety stock levels.

In addition, planners were expediting to constantly to overcome the poorly derived inventory targets. This expediting was triggering production reschedules and urgent deliveries, increasing costs and amplifying supply chain noise.

Going Beyond S&OP to SIOP

Alessandro and his team identified the need to build an effective S&OP planning process which they would implement in one country and then roll out across Europe. The resulting system would coordinate ten independent systems into one global and unified coherent planning process, encompassing the “downstream” portion of Castrol’s supply chain, from blended oils and packaging through to the end user customer. The system would insure high service levels to customers, reduce stock-outs and cut back on manual expediting.

BP Castrol quickly came to the conclusion that to accomplish the above, they needed to include inventory in their S&OP process. Improving the forecasting process was clearly required, but alone it would not achieve the high customer-service levels they wanted. The replenishment flows had to be synchronized with the demand signal through optimized inventories.

Tenaglia’s team created a two-pronged solution based on ToolsGroup’s SO99+; one that addressed both demand sensing and demand response.

They improved demand sensing by generating more robust and reliable forecasts. They implemented an improved and standardised monthly demand forecast process cycle. A single point of accountability was instituted. Promotion planning and monitoring was also improved.

They improved demand response by improving safety stocks using a solution provided by ToolsGroup. Reliable statistical modeling accurately measured demand and supply chain volatility. Reliable inventory modeling and mix optimization techniques accommodated this volatility and accurately set the inventory targets required to achieve a responsive inventory mix.

About ToolsGroup

ToolsGroup is an innovation partner for companies who want to achieve highly accurate forecasts, outstanding customer-service levels and less global inventory. An expert in “Powerfully Simple” supply chain planning, we offer software that analyzes demand history across multiple dimensions so you can achieve the most reliable forecast and inventory targets for mastering demand volatility and delivering service level excellence.

Our innovative and advanced technologies enable you to improve and automate your planning processes. Our solutions span key supply chain planning areas such as Demand Planning, Demand Sensing, Promotion Forecasting and Inventory Optimization.

We have more than 250 customers worldwide and one of the highest customer retention rates in our industry. Our experience includes manufacturers, wholesale distributors and retailers in a wide range of demand and inventorydriven industries.

Please visit our website at www.toolsgroup.com and click on “About Us” for a list of our offices throughout the world.

