

## Boise Paper



- Long supply chain with inventory from raw material (the tree) to finished product in the warehouse
- Doubled their inventory reduction target, cutting inventory by more than 20%
- Now manage their business to service levels instead of inventory turns

### Project and Objectives

Dale Groetsema, Supply Chain Leader for Boise, deals nearly every day with the difficult problem of how to manage inventory in a long supply chain, owning the inventory all the way from raw material (the tree) to finished product in the warehouse. Manufacturing takes place at the mills located near the source of raw material, while customers are located mostly in distant metropolitan areas. In between, most of the product is shipped via rail, since shipping bulky paper products by truck is often not an economical option.

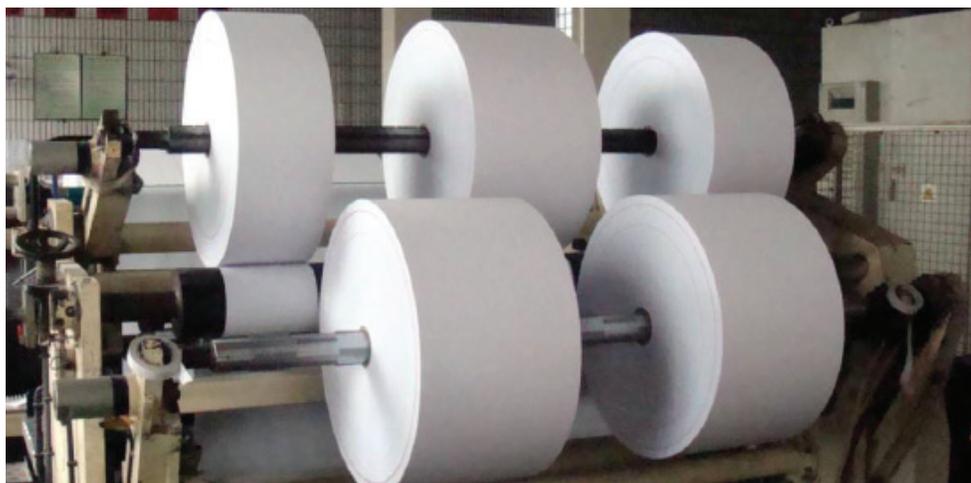
So the average transit time is more than two weeks. "At any given time, much of our inventory can be just sitting in rail cars," notes Dale.

Given this challenge, the Boise team set out in 2008 to reduce stock inventory by 10% while improving on-time delivery service levels. The project had a tight timetable to roll out office papers in four months and specialty papers, printing and converting a few months later. optimal balance is a difficult process but one that can make a huge difference on the price and availability of medicines.

Boise Inc. manufactures a wide range of specialty and premium paper products, including containerboard and corrugated products, imaging papers for the office and home, printing and converting papers, newsprint, and market pulp. Annual revenues are about \$2 billion.

*"We had one customer re- up because we could provide them service they couldn't get anywhere else."*

- Dale Groetsema  
Supply Chain Leader  
Boise



### ...Day to Day

ToolsGroup's SO99+ Inventory Optimizer was chosen as a key component of a new Sales, Inventory & Operations Planning Process (SIOP). SO99+ captures daily sales history and extracts replenishment parameters. The system sets solve constraints – service levels and inventory minimums – based on service classes and then calculates safety stocks and exports them to DSRP. It also predicts inventory requirements for SIOP planning.

The system also supports Boise's product segmentation strategy, which allows them to focus their resources where they matter most.

### Results & Benefits

In the first year, Boise achieved more than double their inventory reduction target, cutting inventory by more than 20%. At the same time, they improved service level by three full points, far exceeding their goal.

"We had one customer re-up because we could provide them service they couldn't get anywhere else," says Groetsema, "And we accomplished it without increasing inventory or manufacturing capacity."

Some important benefits have been "unexpected"; gained from a more structured, scientific inventory planning and optimization process. They include:

- Developed internal tools to clean their data
- Made surprising discoveries about the true impact of variable supply
- Developed their inventory projection for 2010 in a fraction of the time it formerly took (and their confidence is higher)
- Now manage to service levels instead of inventory turns
- Now can answer "what if" supply chain questions with confidence

Boise has several additional initiatives in the works. For instance, so far, much of the focus has been on finished goods. Their plan is to move upstream to WIP and converters. In addition, they plan to take their optimization to the next level, optimizing by profit rather than volume. And a further 10% inventory reduction is in the works.

### 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 inventory driven industries.

Please visit our website at [www.toolsgroup.com](http://www.toolsgroup.com) and click on "About Us" for a list of our offices throughout the world.

