KEHE TAKES FRESH APPROACH TO INVENTORY

by Implementing Manhattan Active Inventory Demand Forecasting and Replenishment

OPERATIONS

Headquartered in Naperville, IL
16 Distribution Centers (DCs) in North America

MANHATTAN SOLUTIONS

Manhattan Active® Inventory Demand Forecasting and Replenishment

KeHE®

CHALLENGE

KeHE's previous inventory management solution didn't allow them to support the growth of their customers' needs. The food distributor required an advanced solution that would provide a deeper understanding of customers' needs to enable better service.

SOLUTION

Manhattan Demand Forecasting and Replenishment was implemented to help KeHE improve customer service, optimize inventory levels and create more efficient forecasting and replenishment capabilities.

PROGRESS & RESULT

Forecast management inventory optimization solutions were implemented in all 16 DCs. Those locations saw a significant service level improvement, as well as a 5% inventory reduction and 5% reduction in spoilage.

"Implementing tools to provide best-in-class customer service is part of our digital transformation. Our goal is to become a next-generation distributor. Through forecasting and replenishment solutions, we can do just that."

RAJ GOVINDARAJAN, SENIOR DIRECTOR SUPPLY CHAIN, KEHE DISTRIBUTORS®

PUSH POSSIBLE

Manhattan Associates®

KEHE AND MANHATTAN ASSOCIATES

KEHE'S MISSION TO BECOME A NEXT-GEN DISTRIBUTOR

KeHE Distributors has 70 years of experience in wholesale food distribution. With more than 5,500 employees and 16 distribution centers, their supply chain is constantly evolving. KeHE's natural and organic, specialty and fresh brands are dispersed across 30,000 retail locations, as well as online.

Due to the large scale of their operation, KeHE felt that their previous legacy supply chain purchasing and inventory management tools were not providing the results and visibility they required. They decided to implement a new solution that could handle more robust demand and replenishment requirements.

After evaluating multiple options, KeHE believed Manhattan Demand Forecasting and Replenishment best aligned with their desire to embrace the innovation needed to serve their customers' needs better. The new technology enables users to predict future demand through innovative forecasting techniques such as self-tuning policies, automated exception management and demand forecasting by strategic customer (what Manhattan calls Customer Centric Inventory Optimization (CCIO)) that can accurately anticipate even the most complex demand scenarios. CCIO helps identify key customers, isolate their demand patterns and analyze data using a unified forecasting method. The result is a more prescriptive, more effective replenishment strategy designed specifically for connected commerce.

> **"While we looked at numerous factors, the key to our decision centered around a software vendor's ability to provide quick solutions. Through Demand Forecasting and Replenishment, the tool provided all the capabilities our business needed in one spot."**

RAJ GOVINDARAJAN, SENIOR DIRECTOR SUPPLY CHAIN AT KEHE DISTRIBUTORS

IMPLEMENTING THROUGH COVID-19'S INITIAL WAVE

Implementing software to manage a complex inventory network normally comes with a learning curve. KeHE's timing, which coincided with the first major outbreak of the pandemic, made the process even more challenging. The first DC went live in January 2020. As the first two DCs piloted the software, the project continued on schedule despite shifting in-person collaboration between the KeHE and Manhattan team to a completely remote model.

A close partnership with Manhattan and the use of engaging training processes, helped KeHE overcome some early technology challenges. Initial results from the two pilot DCs revealed significantly improved service levels compared to KeHE's other DCs that were not using Manhattan technology. Those improved metrics included service level improvements, a 5% inventory reduction and a 5% reduction in spoilage.

TURNING CHALLENGES INTO TRIUMPHS

By September 2020, after Manhattan technology was implemented in all DCs, KeHE was experiencing faster time to market and improvement across several key indicators including spoilage reduction and reduced inventory. The strong business partnership between KeHE and Manhattan's team — including R&D, Product Management, and Professional Services — helped the company realize their goal of becoming a next-gen wholesale distributor. Despite COVID-19 limitations, Manhattan's customized solutions and training helped KeHE address critical business needs and turned their supply chain challenges into strengths.

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