

## Case Sinebrychoff:

# Quantitative forecasting to boost production

### Key challenges

- Influence of customer- and customer-chain-specific operations on demand
- Strong seasonal variations in demand
- Reflection of errors in demand forecasting far into production and delivery reliability

### Goals

- Transfer from product-specific to product/customer-chain-specific forecasting
- Observation of customer-specific operations in the forecast
- Automation of service product forecasting

### Results

- Product/customer-chain-specific forecasting with the previous workload
- Developed monitoring practices that are closer to real time



### Sinebrychoff in brief:

- Part of Carlsberg Group
- The oldest brewery in the Nordic countries and the oldest food industry company in Finland
- Turnover 2009: MEUR 376
- Brewery and soft drink market leader in Finland, approx. 50% market share

### Background

Sinebrychoff, the oldest brewery in the Nordic countries, was established in 1819 and is currently part of the Danish Carlsberg Group, which is the fourth largest brewery group in the world. The market share of Sinebrychoff is approximately 50% in terms of brewery products in Finland. In addition to its own trademarks, the company produces, sells and distributes The Coca-Cola Company products in Finland. Besides these, Sinebrychoff offers an extensive selection of international beers and

via its partners a wide selection of other alcoholic beverages.

With an annual production of approximately 400 million litres of drinks, the Sinebrychoff production facility in Kerava is one of the most modern in the world.

### Starting point

At the beginning of the millennium, Sinebrychoff had developed its forecasting process and implemented its own demand forecasting tool. So forecasting precision had been brought to a very

good level! However, as the product range slowly expanded, a need to increase process efficiency and, especially, to automate service product demand forecasting became evident. Also the evaluation and observation of chain-specific marketing operations were challenging when forecasts were made at product level.

“The brewery industry is highly campaign-led. Campaigns implemented together with customers and customer-chains have often even a multiplicative effect on sales. There can be several simultaneous marketing operations in motion,” states Logistics Manager Yrjö Nikkanen, who is in charge of forecasting, among others, at Sinebrychoff.

Sinebrychoff’s logistics co-operates actively with customers and its own sales field to forecast the effects of campaign actions. Even though the co-operation yielded good campaign-specific results, Sinebrychoff was also faced with the following challenges: customer-chain-specific campaign corrections were overall difficult to target at production needs and, on top, corrections needed to be taken into account in the history as well. “Finally, we came to the conclusion that we needed a good, sufficiently accurate quantitative base forecast that we could edit,” Nikkanen sums up.

### **Towards a new forecast process**

Sinebrychoff explored many options to develop forecasting, from the SAP solutions of Carlsberg Group to further development of its own tool. However, in the end, RELEX was selected. Forecast Manager Antti Lappalainen at Sinebrychoff sums up: “The versatile forecast models of RELEX Forecaster and especially the optimisations that enable good automation were important to us. In addition, the straightforward graphic user interface and flexible possibilities to make forecast corrections convinced us.”

### **Efficient and quick implementation**

The implementation of the RELEX forecast system took three months from the decision to production use. Sinebrychoff’s System Manager Pekka Soininen states that the implementation project was

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*Pekka Soininen,  
System Manager, Sinebrychoff*

exceptionally smooth: “This one was quite painless as IT projects go. Progress was straightforward, and the project stayed very well on schedule.”

### **More precise forecast with the same workload**

In connection with the implementation of RELEX, Sinebrychoff moved to a product-/customer-chain-specific forecasting process. Yrjö Nikkanen states: “Of course it is important that a tenfold number of forecasts can be created with the same workload as before.” Planning Manager Petteri Kokkonen, in charge of forecasting at Sinebrychoff, continues: “The workload is also decreased by the fact that various exceptional situations, such as the launching of new products, production interruptions or product substitutions, can be managed with a few button pushes.”

### **Following development steps**

Sinebrychoff is satisfied with the development but the goals are much higher. “At the moment, campaign actions are automatically removed so they do not “disturb” future forecasts, but we still make the actual campaign forecast manually. The goal is to automate – with the help of RELEX – this part of forecasting as well as to focus human input only



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