

UK manufacturer Fox's Biscuits streamlines production and service levels to retailers after deploying FuturMaster supply chain technology

Fox's, the £250m UK biscuit company, has improved its forecasting, manufacturing and promotions planning practices after implementing new supply chain technology from specialist vendor FuturMaster. The software has helped the manufacturer boost its service levels and manage up to 150 deliveries a week to retailers including Tesco, M&S and Aldi, while customer service levels have increased from 96% to 99% on over 30 million cases sold each year.

The company

Since starting out in 1853 in West Yorkshire, Fox's has made around 1,450 billion biscuits from its three manufacturing bakeries in Batley, Kirkham and Uttoxeter. Enjoyed across the UK, Fox's Biscuits are also exported to Europe, North America and the Far East. Since 2011, Fox's has been part of the 2 Sisters Food Group, the UK's third leading food manufacturer.



Batley has eight ovens and up to 26 lines operating, using 9,300 tonnes of flour and 6,000 tonnes of chocolate to produce 25,000 tonnes of biscuits every year. Average weekly production at Uttoxeter is 1,000 tonnes or 50,000 tonnes per annum. Kirkham is the home of the Rocky biscuit range, producing 1,700 chocolate biscuit bars per minute, equating to over 10 million per week. Kirkham also produces 10 million party rings each week - stacked on top of each other they would reach 50 miles high.

Overall, Fox's makes around 400 million packets of biscuits a year and relies on FuturMaster's forecasting technology for more accurately planning production needs and managing peaks and troughs throughout the year. For instance, preparing popular assortment ranges (which account for around a fifth of sales) for Christmas starts as early as January, when important ingredients like chocolate are frozen (chocolate can't be stored in a warm environment). The company employs more than 2,000 people, with many extra hands brought in between June and November to prepare for peak production during the run up to Christmas.

It works closely with all the major UK retailers, as well as many abroad, to plan weekly requirements so that shelves remain fully stocked with the best selling ranges. Popular brands include Rocky, Classic and the hugely popular tinned assortments. Fox's provides biscuits across a range of price points to ensure broad consumer appeal. The company has also grown its own-label business, which, given the significant number of extra units sold with various retailers' own labels on the packaging, now accounts for around half its annual sales.

The challenge

Fox's product range presents many challenges for demand and supply planning. On the demand side, there are over 350 branded and own-label products and many promotional and seasonal lines. The products are distributed through a range of trade channels including export and independent distributors and all UK retailers.



The supply side is no easier. In addition to well-known packets such as Crinkle Crunch and Rocky, a high proportion of the volume is made up of Christmas assortment tins and packets. These have up to 20 different biscuits inside, each of which needs to be produced and ready for assembly at exactly the right time. If you consider that some of the components are made from plain biscuits baked in a different site, and others are made on the same production lines as the finished products, then you are starting to understand the complexity of the Fox's production process.

Prior to FuturMaster there was poor demand visibility from a time-consuming forecasting process. The planning process took the best part of a month to complete due to the multiple iterations and assumptions within the spreadsheets. This was viewed as a significant business risk.

Planning promotions (with retailers) has also become an important part of the day-to-day business. FuturMaster's software helps evaluate the impact of, say, running a two-for-one offer by determining what would be the resulting sales uplift and the extra volumes that need producing. It also shows when would be a good time to do these promotions based on analysing production line requirements and demand.

"It's crucial for us to produce exactly the right volumes and get sell-through with retailers," said Bill Dales, Demand Planning Controller at Fox's. "The demand planning software predicts what's needed in terms of sales units to shift for the coming days, months or year. This helps us plan ahead and make sure we can deliver on what's promised."

Given limited storage capacity and the perishable nature of foodstuffs, the company clearly doesn't want to produce too much too soon, so relies on data to help manage the production line as well. For example, to meet increased demand on certain types of chocolate biscuits, Fox's might need to split production between different machines and run for an extra eight hours before cleaning and switching to other ingredients. It can also use the data to see if it meets its human resources needs and to plan the buying of raw materials.

Most retailers now share forecasts on a daily basis. A team of eight people at Fox's use FuturMaster as a process tool and for trend analysis. They can then fine-tune weekly booking forecasts, using retailers' Epos data to go back two to three years to work out what sells, at what price, and so on. These forecasts are used for procurement purposes and to set budgets for purchasing and labour requirements up to two years ahead. With around 3,500 live forecasts to deal with each week, FuturMaster's production and inventory management tool ensures the process is optimised.

The benefits

The role of the central demand planning team has changed from one of administration to one of being a strategically important function to the business. For production planning, the process has

moved from being a process taking many days to one in which a new plan can be created within 90 minutes of a new forecast being available.

Since deploying the FuturMaster software, forecast accuracy (measured as the Mean Absolute Percent Error, or MAPE) has improved from 48% to 74%, customer service levels have improved by 3%, while the number of products experiencing service issues (defined by a shortage above 10 cases in any month) has fallen by 65%.



“Before, around a fifth of products had service level issues. Now it’s down to just five percent a month,” said Dales.

Whilst boosting supply and maintaining service levels to retailers at an impressive 99 percent, Fox’s has also managed to bring down working capital and reduce costs for the business. Wastage has been minimised and storage costs kept down. With a shelf life of around 40 weeks typically for its biscuits, Fox’s has reduced its average stock holding to just two to three weeks.

“Over the last few years stock has moved to the right place to ensure a streamlined supply chain,” concluded Dales. “And thanks to significantly improving the accuracy of our forecasts, we’re now able to maintain ideal safety stocks and we’re running on an optimum level right now.”

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