

Sales & Operations Planning at:

A/S Bryggeriet Vestfyen

Professor Jan Stentoft, Professor Per Vagn Freytag, and Associate Professor Ole Stegmann Mikkelsen, Department of Entrepreneurship and Relationship Management, University of Southern Denmark Kolding.¹

This case is about the process observed at A/S Bryggeriet Vestfyen during participation in the project “Increased Competitiveness through Implementation of Sales & Operations Planning” implemented from 2017 to 2018 with funding from The Danish Industry Foundation (see www.salesandoperationsplanning.dk).

The case contains information about the project background, the project approach, the results, and the learning. The specific project at A/S Bryggeriet Vestfyen was much more nuanced than was possible to present here; however, the case includes the main steps, considerations, and participants’ points of learning.²

¹For a full overview of the tools see: Stentoft, J., Freytag, P. V. & Mikkelsen, O. S. (2019), Improved Competitiveness through Implementation of Sales & Operations Planning, Department of Entrepreneurship and Relationship Management, University of Southern Denmark.

²A big thank you is directed toward the employees at A/S Bryggeriet Vestfyen who participated in the project and for the positive approach in the contributions in group processes, individual interviews, and reading and commenting on written material.



1. Introduction

A/S Bryggeriet Vestfyen is a Danish brewery founded in 1885 in Assens, Denmark. The brewery is still located where it was founded but has undergone several expansions during the years. Today, there are four independent packaging lines and associated storage buildings with a total area of 84,000 square meters. A/S Bryggeriet Vestfyen A/S produces beer and soft drinks in various bottle and can sizes. The company markets its own brands, such as Vestfyen, Willemoes, Frejdahl, and Jolly Cola; in addition, the company sells private labels for customers such as Coop and Aldi. Soft drinks are marketed under the Vestfyen and Jolly Cola product lines. Further, A/S Bryggeriet Vestfyen A/S brews beer for other breweries and is among the largest brewers of craft beers. The company exports products as well—for example, the latest initiative was a launch of beer in the Chinese market. The brewery, the fourth largest in Denmark, is owned by Vestfyens Foundation, Augustinus Industri A/S, and approximately 700 other shareholders.

In 2018, A/S Bryggeriet Vestfyen acquired Indslev Bryggeri A/S and thus added a range of new craft brews to its product assortment. The revenue was approximately 25 million Euro in fiscal year 2017–2018 (A/S Bryggeriet Vestfyen, 2018). The brewery employs 100 employees. The calendar includes three main seasons: Easter, summer, and Christmas. The company's revenue depends heavily on the summer season.

”S&OP is a language that in a unique way tells the story of a company's supply chain. It is the story of how the supply chain was. And it can help you understand where you are going—if you look carefully—and if you dare go that way.

Einar Scholte, Senior Consultant, IMPLEMENT Consulting Group.

A/S Bryggeriet Vestfyen uses two types of forecasts: normal forecasts and promotional sales forecasts (Stentoft et al., 2018). A sales forecast is prepared with a 12-month horizon based on history and expectations, considering seasonality. Additionally, specific campaign forecasts are developed based on the specific actions that customers initiate throughout the year. As a manufacturer of fast-moving consumer goods, the company has experienced growing demand for new varieties of products offered with shorter and shorter intervals to the market. This means that phasing in and out products receives high attention. Thus, time-to-market is an important competitive factor. Delivery capacity is likewise an important parameter in daily business; specifically, the objective is to achieve an on-time in full (OTIF) standard of 99% for customers' main warehouses.

A/S Bryggeriet Vestfyen works with the following vision:

- AS Bryggeriet Vestfyen's overall vision is to develop our position as an acknowledged and well-reputed provider of craft brews, beers, and soft drinks based on good workmanship, pride, and tradition.
- We want to be a supplier of note within the field of craft brews in selected markets.
- We want to be the preferred supplier of private label (PL) owing to our reliable delivery, flexibility, and quality.
- We want to be the preferred supplier of contract manufacturing in Denmark.
- We are proud of being able to uphold the provision of the original Danish cola—the Jolly Cola—to consumers and customers.

The company mission is:

- We will satisfy and inspire the conscious consumer and customers' needs in beer and soft drinks.

A/S Bryggeriet Vestfyen is responsible for customers' inventory levels (e.g., Coop, Fakta, and Aldi). Thus, production planners at the brewery have access to multiple customers' inventory information; with this insight, they can optimize production planning. The production of beer is make-to-stock; however, stock levels over the past five years have gradually declined from about five weeks' worth of consumption to two weeks of consumption. In other words, the need for smaller series and greater flexibility has increased.





2. The starting point

2.1 RECOGNITION

The sales and operations planning (S&OP) project was initiated through a former employee who had heard about a project funded by The Danish Industry Foundation at University of Southern Denmark (SDU) and thought the project could be implemented at A/S Bryggeriet Vestfyen to strengthen cross-functional work procedures. At a meeting with company managers and selected key employees, researchers from SDU explained the project and the nature of S&OP (objects, advantages, and process). The Executive Board decided to participate in the project and thus committed to implement S&OP.

2.2 ANALYSIS AND DIAGNOSIS OF CURRENT SITUATION

Twenty employees were selected to participate in the project. The participants were drawn from the entire workflow—sales, planning, logistics, quality, product, brew, tap, IT, and finance—and included the Executive Board. Participants were recruited for a full-day session, which began with a review of the purpose (to identify challenges and strengths of the process flow). At the start of the process, all participants received the presentation the Executive Board had received. Then the main processes from customer order to delivery were drawn, using the terms used at the brewery.

Next, a brown-paper exercise was conducted in which participants listed and discussed the challenges they saw in the process flow, followed by listing the perceived strengths. A summary of these items appears in Table 1.

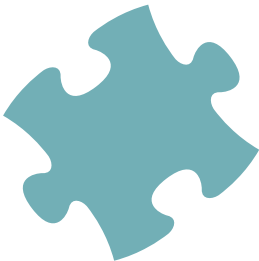
In sum, conditions before the S&OP project launch could have been described as generally lacking lateral communication and involvement. Among other consequences, this result led to a large amount of “firefighting,” in

which different parts of the organization reacted too slowly to things that required action.

Table 1: Summary of challenges and perceived strengths

CHALLENGES (RED STICKY-NOTES)		PERCEIVED STRENGTHS (GREEN STICKY-NOTES)	
1.	Lack of information/com- munication	1.	Good at “fighting fires”
2.	Lack of value chain recog- nition (silo mentality)	2.	Solution-oriented people in all de- partments
3.	Missing common database + tools (availability of data)	3.	Broad experience internally
4.	Lack of common under- standing of deadlines/ timelines	4.	Flat organization (not far from top to bottom; impact on decisions)
5.	Lack of scanning/tracea- bility	5.	Creativity, pride
6.	Lack of understanding of strategic direction and context (e.g., many varie- ties and at the same time should save in purchasing) – order quantity	6.	Readiness, willingness, flexibility
7.	Lack of meeting exercise (all are prepared)		

Source: A/S Bryggeriet Vestfyen.





3. Implementation process





We need to collect data that we want to analyze. So, we will hold a meeting in sales about it and bring it to the S&OP meeting to get input on what we need help with. Our index of Frejdahl was e.g., 427. Who can that possibly affect? Do we have enough bottles? Does purchasing know? Are they prepared for it?

Kiri Vølund, S&OP Process Owner, A/S Bryggeriet Vestfyen.

3.1 DEFINING THE NEW S&OP PROCESS

3.1.1 The technical part—"hard wiring"

The work to define a new S&OP process took place with the assistance of senior consultant Einar Scholte from IMPLEMENT Consulting Group. A/S Bryggeriet Vestfyen did not invest additional resources in external assistance for defining the process other than the resources contributed by the project. The development process was divided into four all-day courses with specific agenda points and homework between meetings (Table 2).

After the pilot phase and transition to the operational phase, it became clear during project evaluation that the S&OP process needed to be aligned to the five-step model (data, demand, supply, pre-meeting, and final S&OP decision-meeting). Work occurred between sales and operations in individual silos during the month; data were exchanged between the groups, but they did not meet along the way. The entire project group met at month-end in an S&OP meeting, which lasted approximately one hour. The meeting produced a status on forecasting, promotions, production, and procurement, leading to concrete tasks to be solved before the next meeting.

Although to date the S&OP process has not aligned with the predictions of theory, the new meeting structure has led to many improvements. More cooperation and greatly improved communication between departments has been experienced. Participants have improved in asking for help, and the extent of firefighting has been reduced. However, the process could be optimized further.

For example, the S&OP process has enabled sharing of sales and production data; however, users need to prepare more concrete solutions and corrective actions to address the challenges now visible in the process rather than



We must be better to hold meetings where we do not only find a given performance or problem area, but also come with concrete solutions—something concrete can be acted upon.

Poul Mark, CEO, A/S Bryggeriet Vestfyen.



simply listing the challenges. This challenge could be solved by focusing on the five-stage model, emphasizing in particular the project participants and the inputs and outputs of subprocesses. Implementing changes would require the collective action of all participants in the S&OP process. In the future, the final meeting will be changed so that each participant will to a greater extent work on the subprocesses. The final meeting will be reserved for S&OP process responsibilities and direction.

3.1.2 The behavioral part–“soft wiring”

Type Analysis

All project participants received an e-mail with a link to a Myers-Briggs type analysis (MBTI), which they subsequently filled out. The results of the analyses were presented at a subsequent training day with Mercuri Urval.

Observations on training days focusing on behavior

The behavioral part of the S&OP project, conducted by management consultants from Mercuri Urval, was prioritized with two training days (Table 3). The first day of the course was primarily aimed at learning MBTI type analysis and discovering how the 16 different Jungian personality types were distributed among the members of the group (Broegger & Bohnsen, 2011). The second day was designed to identify relevant key behavioral indicators (KBIs).

Table 2: Development of the S&OP process

THEME		AGENDA POINTS
Day 1	Defining ambition	<ul style="list-style-type: none"> • Summary of AS-IS • Ambition assessment • Discussion of anticipated problem areas • Discussion of possible solutions
Day 2	Defining the future process (version 1)	<ul style="list-style-type: none"> • Establishment of the future process (including data, etc.) • Discussion of anticipated problem areas and solutions • Customization of process • Agree data collection process and data processing
Day 3	Pilot tests (data collection and first attempt)	<ul style="list-style-type: none"> • Rehearsal with a number of “pre-meetings” of the individual functions finishing with an S&OP meeting • Ongoing evaluation during sittings
Day 4	First real S&OP meeting	<ul style="list-style-type: none"> • Following the selected cycle • They conduct themselves pre-meetings based on selected templates • Carry out an S&OP meeting with an ex-post evaluation

Table 3: Program points of training days focusing on behavior

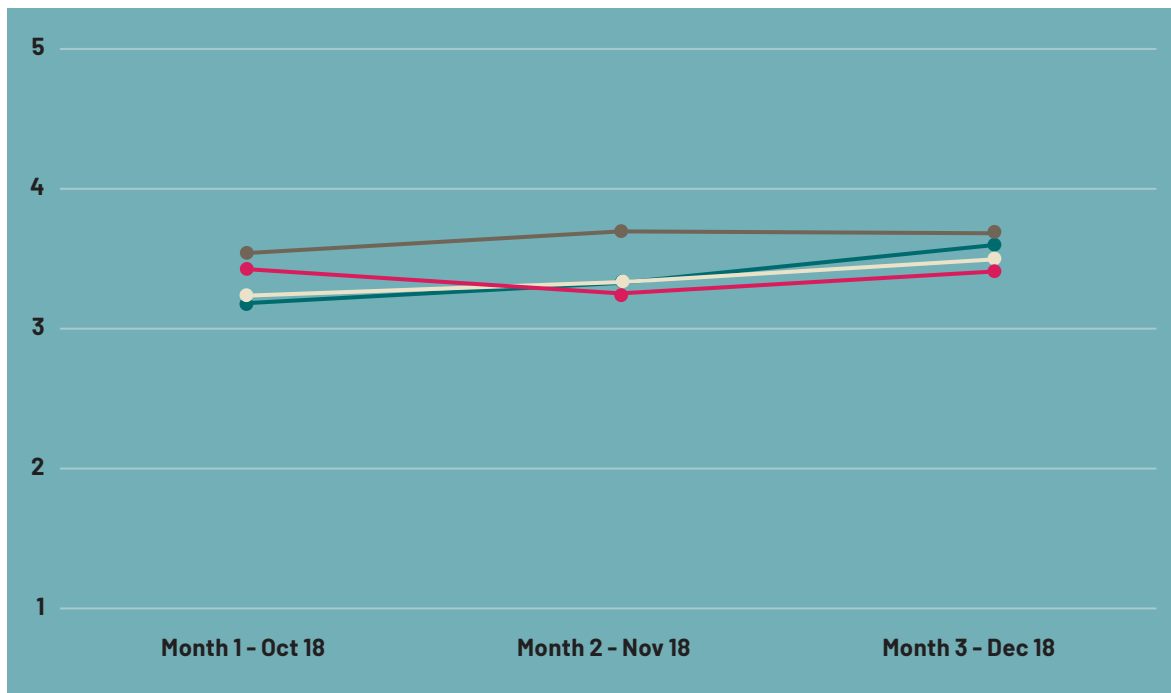
DAY 1	DAY 2
<ul style="list-style-type: none"> • Start exercise: Say hello to each other how you behave Insight into the MBTI typology • Self-assessment on the four dimensions (MBTI) • Insight into own profile – handing out of own report • Placing the whole group in the MBTI grid (floor exercise) – strengths and weaknesses of the team • Individual exercise incl. group coaching: What should we stop? What should we begin with? What should we have more and less of from a behavioral point of view? • End with positive feedback: Give and receive 	<ul style="list-style-type: none"> • Start exercise: Lean in • Recap on typology, including own profile • Experience exchange on the use and activation of a common language • Review of the decision circle for the team • Brainstorm on relevant KBIs based in inspirational videos • Pick three KBIs for today's workshop • Group exercise: Video test to decide on concrete behavior under each KBI • Select responsible for maintaining the concrete KBI behavior • Ending with postcards to yourself: How do I contribute to ensure the agreed KBI?

Table 4: KBIs

<p>WE WILL BE COMMITTED</p> <ol style="list-style-type: none"> 1. We want to improve as a unit and as a company. 2. We want to improve our business and interdisciplinary cooperation, so our strategy and daily KPI can be reached, and in order for us as a unit to succeed, we commit ourselves to S&OP project in full. <p><i>KBI: All participants always attend our S&OP meetings and fulfill various tasks and deadlines for meeting start (permission of absence can only be granted by CEO).</i></p>
<p>WE WILL HAVE A POSITIVE ATTITUDE</p> <ol style="list-style-type: none"> 3. We will have a positive attitude toward changes that benefit our business. 4. We will be supportive of the tools we learn through our S&OP process. <p><i>KBI: We start every S&OP meeting with an incident in which the S&OP process has positively contributed to our work.</i></p>
<p>WE WILL STAY TOGETHER</p> <ol style="list-style-type: none"> 5. We will share in common the S&OP project, and we will stand together as a unwavering entity. 6. We will understand the decisions that we make to grow our business. And most important, we will stand together on the actions. <p><i>KBI: At the end of the meeting we all give a thumbs up to show that a decision is understood and that we stand together on it.</i></p>

Source: A/S Bryggeriet Vestfyen.

Figure 1: Development of the perceived change readiness



- Change readiness of top management
- Change readiness of operations/supply chain
- Change readiness of sale
- Change readiness of S&OP process manager

The process with Mercuri Urval led to a list of KBIs, which was visualized in the project room in which the S&OP meetings were conducted (Table 4).

Change Barometer

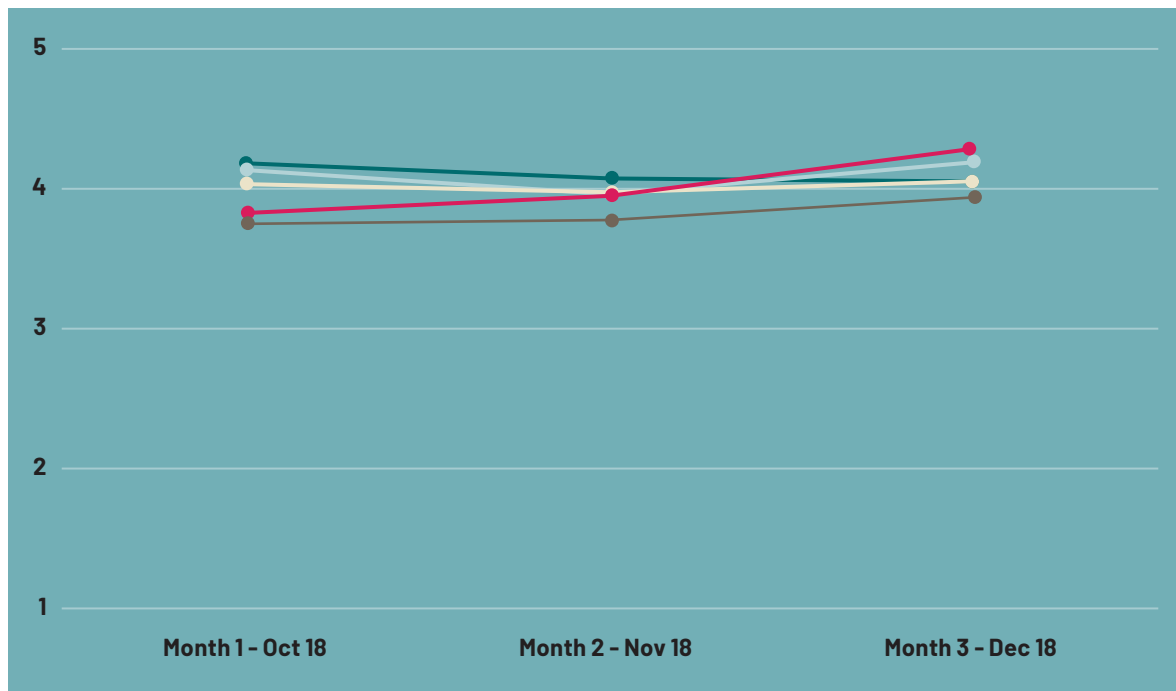
Data were collected from S&OP participants over a period of three months in the form of a short survey about changes occurring in the organization from the S&OP project. Participants answered the same questions each time. Figure 1 shows the participants' responses to statements about the perceived readiness for change in top management, sales, operations, and S&OP process owner. Participants answered a series of statements based on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

As shown in Figure 1, generally there was a perceived change readiness among participants with mean values over 3. Over three months, the perceived change readiness in top management and operations increased; in contrast, change readiness in sales increased, then dropped slightly. The data for S&OP process owner decreased slightly but increased in the latest survey.

Key Behavioral Indicators (KBI)

The participants were asked to assess how they perceived a number KBIs. Figure 2 shows a general perception that KBIs were relevant, with average values ranging from 3.5 to 4.3. In particular, KBIs relating to the idea that dialogue was based on facts and not feelings increased in importance over the three months, indicating a positive approach to fact-driven decision making.

Figure 2: Perceived relevance of Key Behavioral Indicators

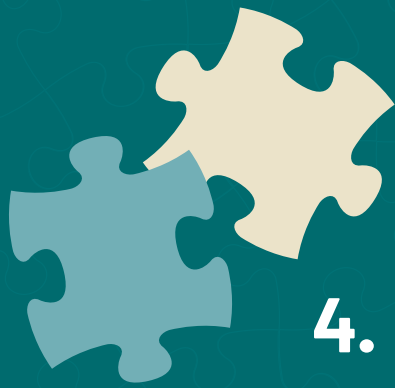


3.2 FROM PILOT IMPLEMENTATION TO DAILY OPERATIONS

After the first three months, the S&OP process evolved from pilot phase to operational phase. Currently, S&OP is no longer a project but a process that is part of the daily operation, although the process still requires development. The monthly S&OP meetings are conducted using a number of new meeting rules:

- We arrive at the agreed time.
- We meet prepared.
- We are actively participating.
- We listen when a colleague speaks.
- We make it clear if there is something we do not understand.
- We are constructive when talking.
- We do not use cell phones during meetings (production and engineering is excepted).

- Meetings are held as planned
- The necessary openness exists between the meetings participants
- Dialogue takes place at a constructive listened level 2
- Debates and discussions are primarily based on facts and not feelings
- There is a reflection about the process and whether the debated themes really grasp the core challenges (listened level 3)



4. Effect and learning



4.1 OBJECTIVES, ROLES, AND RESPONSIBILITIES

The aim was to investigate whether the process created greater clarity about S&OP objectives and roles and responsibilities during the S&OP process.

After a decline at the start, a growing clarity seemed to be emerging regarding the objective. This finding did not appear for the roles and responsibilities of the S&OP process. The findings for this variable indicated a reduced clarity about roles and responsibilities in the process. After initially indicating relatively high clarity regarding the actual S&OP process, participants showed increasing vagueness over time. It is possible this finding, as well as the declining clarity about roles and responsibilities, occurred because meeting processes were not enforced. Perhaps if the series of meetings had been enforced, the participants would have been more focused on their roles and responsibilities in the S&OP process and more interested in how the process should have proceeded. Likewise, the meetings would have provided a natural forum for aligning expectations.

4.2 RESULTS ACHIEVED

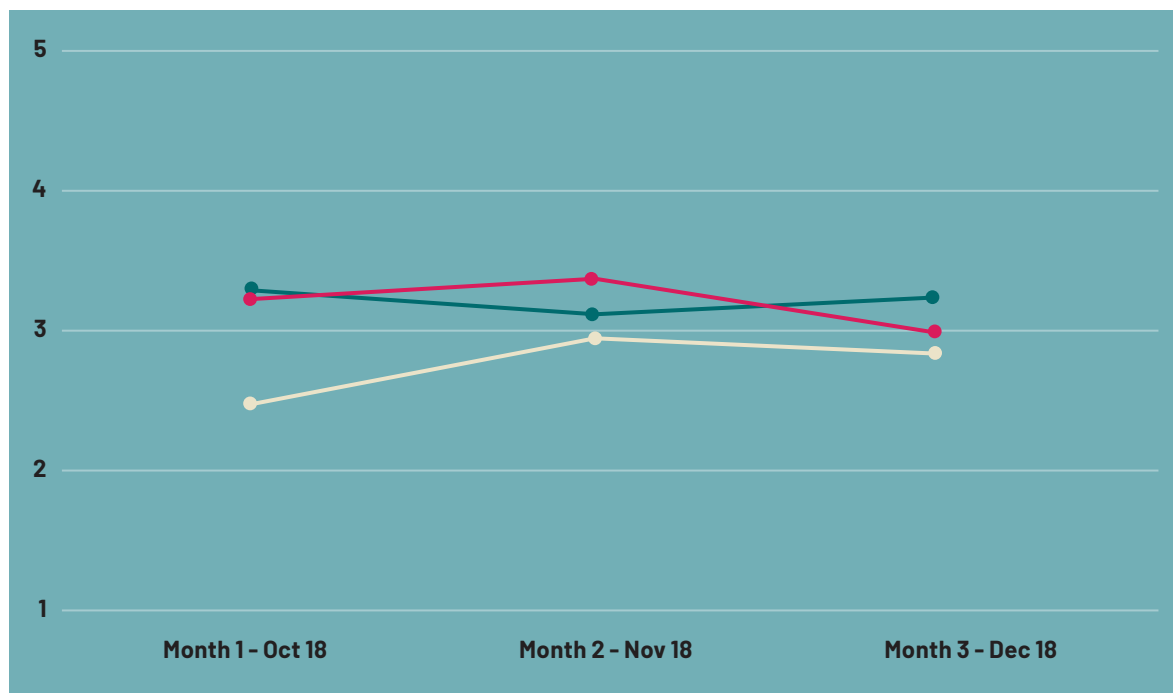
- Improved communication.
- Improved cooperation.
- Improved ability to ask for help across the organization.
- Decreased level of firefighting.
- More clear rules.

4.3 LEARNING

- It is important to have a clearly defined purpose from the start (not everyone in the project was aware of its nature and purpose).
- Managers should pressure middle managers to manage based on facts and to take ownership.
- It is resource demanding to lead the S&OP process simultaneously with operational tasks.
- S&OP requires long hauls, but continuous improvements happen.
- We have learned to understand each other's roles and missions and incorporate this into our own considerations and priorities; we not only listen to each other but also act accordingly.



Figure 3: Development in clarity of objectives and understanding of roles and responsibilities



- Clear objectives
- Roles and responsibilities in the process
- Haziness in the S&OP processn

5. References

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