



CASE STUDY

Sweet Success

Hershey Kisses Transportation Management Inefficiencies Goodbye With JDA Services and Solutions

OBJECTIVE

Reduce transportation costs while operating an increasingly complex and global supply chain and facing increased fuel charges.

SOLUTIONS

- JDA® Freight Order Management
- JDA® Monitor
- JDA® Shipment Execution
- JDA® Transportation Planning

SERVICES

- JDA Consulting Services

REAL RESULTS

- Increased key planning metrics by 30 percent
- Improved solution runtime by 400 percent
- Expanded continuous-moves capabilities
- Significantly reduced transportation costs
- Increased operational efficiencies
- Improved load-planning productivity
- Enhanced carrier-asset utilization

Established in 1894, The Hershey Company has sought to bring “sweet moments of Hershey happiness to the world everyday” in the form of its popular chocolate products. The company pioneered the mass production of milk chocolate more than 100 years ago to make it affordable to the general public. Today, the company is the largest producer of quality chocolate in North America and a global leader in chocolate and confectionery.

With more than 13,000 employees and revenues in excess of \$5 billion, the manufacturer offers iconic brands such as Hershey’s, Hershey’s Kisses, Ice Breakers, Kit Kat, Reese’s and Twizzlers. Hershey products are sold in more than 90 countries around the world.

Taking Costs Out of the Supply Chain

Hershey’s supply chain profile is impressive: the company operates eight U.S.-based manufacturing facilities and has manufacturing partners across North America. Its five finished-goods distribution centers must handle more than two billion pounds in annual throughput in the U.S. and Canada. Additionally, Hershey ships over 100,000 outbound refrigerated truckloads per year.

Faced with an increasingly complex, global, customer-focused supply chain and skyrocketing fuel charges, Hershey decided that it needed to significantly reduce transportation costs throughout its network. As part of Project Greenlight, an overall transportation initiative launched in 2007, the company opted to invest in transportation-related process and technology improvements that would deliver a high return on investment.

For more than a decade, Hershey has leveraged capabilities from JDA Software’s Intelligent Fulfillment™ solution to manage outbound customer deliveries and stock transfers from manufacturing plants and distribution centers.



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Jeff Rose
Senior Applications Manager
The Hershey Company

To improve its transportation planning processes, the candy giant set the following objectives:

- Consolidate inbound raw materials with outbound finished goods volume
- Tender continuous moves
- Improve capacity utilization
- Reduce the company’s empty miles/ carbon footprint
- Generate overall synergies for Hershey and its trading partners

Gaining Continuous Moves, Inbound-Freight Functionality

To accomplish its objective of improving transportation efficiencies, Hershey laid out a two-phased plan in late 2007. The first phase of the project introduced the planning and execution of continuous moves, or the ability to link together full truckload movements between Hershey facilities to generate a lower per-mile rate as opposed to treating each shipment as an individual move.

“Gaining continuous-moves functionality was a huge motivator for us to revisit our existing transportation management systems and processes,” said Matt Leonard, senior application analyst, Hershey.

The second part of the project was designed to take control of select inbound freight from vendors and integrate Hershey’s inbound and outbound transportation operations in order to leverage the continuous-moves functionality and achieve resource utilization efficiency. To enable these objectives, Hershey upgraded to the latest version

of JDA Transportation Planning and implemented JDA Freight Order Management to achieve inbound-load visibility.

Todd Murphy, Hershey’s project manager, explained, “By upgrading the application, Hershey was able to leverage the enhanced continuous-move capabilities to include and expand inbound freight moves from vendors and suppliers.”

Quick Wins With a Transportation Management System Assessment

Hershey partnered with JDA Services to achieve its transportation improvement objectives. JDA Services recommended initiating the project by assessing the current settings within the system. Designed to identify a company’s key opportunities and/or challenges to drive operational efficiencies, a JDA assessment provides recommendations for the path forward and outlines the benefits and risks.

“The time was right for Hershey to address the JDA Transportation Planning upgrade to gain new functionality and continuous-moves capabilities, but we wanted to optimize the system beforehand,” Leonard said. “The assessment that JDA Services conducted allowed us to discover processes and settings that we could improve in the meantime. It was truly a quick win for us and ultimately enhanced the quality of the upgrade.”

Based on the results from the assessment, Hershey revised its transportation-planning process and improved solution quality, saving its planners a minimum of one day per month of planning time. Configuration changes recommended by JDA

Services resulted in a 400 percent improvement in solution runtime. Overall, the system performance improvement provided more flexibility in the transportation planning process.

“We are very pleased with the outcome of the JDA Services assessment,” noted Cindy Ambrose, Hershey’s transportation project manager. “The productivity improvements we gained helped us take on the additional work of planning inbound freight within our current staffing levels, which positioned us for the second phase of the project.”

JDA Services Supports the System Upgrade, Solution Deployment

With better transportation management processes in place, Hershey partnered with JDA Services to upgrade its transportation management system, as well as deploy JDA Freight Order Management for inbound-load visibility.

“JDA Services and Hershey worked together to design and build a new core business process to support the inbound-freight integration into our system,” Murphy explained. “On major projects like this one, we like vendors to have a stake in the outcome. Involving JDA Services consultants in the assessment, the upgrade and implementation made it more of a partnership.”

The upgrade and implementation were achieved on budget and ahead of Hershey’s original schedule.

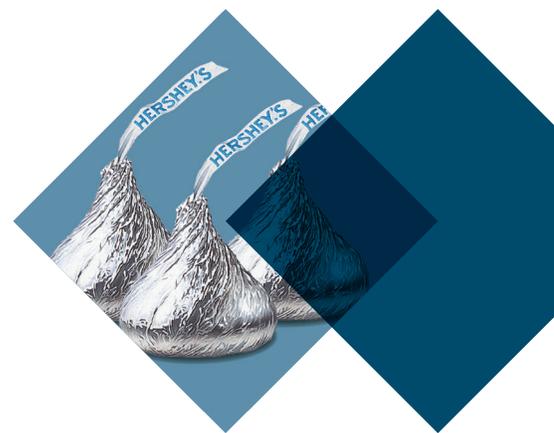
Jeff Rose, Hershey’s senior applications manager, added: “The high degree of collaboration between Hershey, JDA and a number of Hershey’s core supply chain partners was the real key to the success of the

project. The team put the time and effort in up front to ensure the processes and tools met our long-term and immediate needs, generated immediate cost savings, were scalable and easily expandable to additional partners and enabled an environment for continuous improvement. Due to the exceptional cross department, multi-company team effort, we not only met but exceeded these objectives.”

Achieving Real Results With Increased Transportation Efficiencies

JDA Transportation Planning manages, optimizes and executes the strategic, operational and tactical business processes that support the global movement of finished goods, ensuring that they arrive at the right distribution centers and stores on time. JDA Freight Order Management works in conjunction with JDA Transportation Planning, scheduling orders in the most cost-effective manner while adhering to vendors’ shipping needs and Hershey’s services requirements.

Since completing the transportation improvement project with the support of JDA Services, Hershey has reduced its transportation costs significantly. The company has increased operational efficiencies via the expansion of continuous moves across its transportation network, as well as realized a 30 percent increase in key planning metrics such as solution quality. Additional results of the project include improved load-planning productivity, enhanced carrier-asset utilization and improved communication.



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