

Project Focus



Wedgwood halves lead times with Improved Supply Chain Management



Profile

Founded by Josiah Wedgwood in 1759, Wedgwood is one of the world's leading manufacturers of prestige ceramic table and giftware. Wedgwood's headquarters and four main factories can still be found a few miles from the original factory in Stoke-on-Trent, England. Today, the company employs about 4,400 employees world-wide, with annual revenues of about £200m.

Business Challenges

Wedgwood's customers were demanding change. They wanted a flexible and responsive service that matched the quality and prestige of the products. Even though inventory levels were deemed too high for its 20,000 products, customers still experienced long delivery delays and unreliable service. Recognizing the need to address inefficiencies in its supply chain, Wedgwood benchmarked their processes with best practices in other companies. As a result, the company embarked on a business process re-engineering project to create a customer driven supply chain, by addressing:

- Ownership and quality of forecasts and plans
- raw material supply times and reliability
- focus on managing production capacities and inventory levels
- demand driven order fulfilment

"Our new processes and systems for supply chain management have helped Wedgwood become a much more flexible and responsive organization. The processes we have put in place represent best practices in supply chain management, allowing Wedgwood to move to a demand driven supply chain.."

Ian Wright
Logistics Director, Wedgwood

Solution

Wedgwood quickly identified that it needed to move from its existing inflexible push model, driven by centrally generated monthly sales forecasts, to a pull model, driven by real demand from customers. Now, forecasts feed supply chain planning to optimise inventory levels and capacity requirements for reliable supply. Order fulfilment and inventory replenishment is “pulled” through the supply chain in response to customer demand at retailers. In other words, production is driven directly by customer demand. In the true pull process, nothing is manufactured at the factory or moved to a regional distribution centre until a change in stock level triggers an order to replenish that stock in line with the inventory target for that item.



Wedgwood has dramatically shortened replenishment times, allowing lead times to market on average to be reduced by 50%.

This “pull” approach has been extended to include key suppliers. For example lithographic transfers, the decoration on many of Wedgwood’s products, are amongst the most expensive raw material (apart from precious metals) used in production. Traditionally managed through a monthly, MRP based, purchase ordering process, the lead times were long and batch sizes large; leading to excessive stocks and high write-offs from obsolescence. Wedgwood transformed this by implementing a vendor managed supply process in collaboration with their key supplier.

About the author

Alan Duncan was the Supply Chain Planning Manager at Wedgwood until 1998. He was responsible for the implementation of many of the new processes and systems described above. He has 14 years experience as a supply chain professional, working with companies such as Shell, Bridgestone-Firestone, Akzo Nobel, Baxter Healthcare, Motorola, NCR and Müller to design and implement supply chain improvements that continue to deliver significant financial and qualitative benefits. Alan is now a Director of Forward Solutions International Ltd.

About Forward-Solutions

Forward Solutions International Limited (www.forward-solutions.com) helps businesses with complex manufacturing options to achieve more predictable delivery and increased capacity utilization by reducing operational uncertainty. We do this in small steps to achieve quick wins.

This new process allows the supplier to manage supply and particularly its constraints to maintain stocks between maximum and minimum stock levels determined by Wedgwood.

After evaluating a number of Supply Chain Management software products, Wedgwood selected the AspenTech Supply Chain Solution to support its new approach to supply chain management. Prior to implementing AspenTech Supply Chain Solution, the company had one central planning group, using a mixture of home grown and purchased software to handle all of its planning needs. This department acted as the interface between the factories and markets. Today, AspenTech Supply Chain Solution supports a new, decentralised but collaborative organization, with market and sales planning performed in the market organisations and supply planning performed centrally by the Manufacturing and Supply Organisation.

Business Benefits

Wedgwood’s new approach has been instrumental in creating the following benefits:

- Increased responsiveness
- Reduced inventories
- Reduced frequency of stock-outs
- Reducing overdue orders
- Improved collaboration and ownership throughout the supply chain