



A View from the Top

Tyson Foods creates one synchronized view of demand across its supply chain, sales and marketing operations

When Tyson Foods purchased IBP Fresh meats in 2001, the Springdale, Ark.-based organization officially became the largest meat processing company in the world, servicing retail, wholesale and food service customers in the United States and 80 countries overseas. Over the years, Tyson has diversified its product portfolio, becoming the \$26 billion "protein powerhouse" that it is today. Pre-cooked meats, refrigerated and frozen prepared foods and animal feeds round out Tyson's product line.

But where Tyson really differentiates itself from other food manufacturers is its poultry operation, according to Carla Woods, vice president of information systems, Tyson Foods.

"We are vertically integrated so we grow our own raw material," says Woods. "We hatch our own chickens, provide them to contract growers, supply the fuel to keep the birds warm, mix the feed for them to consume and provide technical assistance along the way. Then we bring the birds to the plant for processing. It's a push industry instead of the classic pull environment used by discrete manufacturers. We also produce co-products as well as by-products. All of this makes it a little bit more challenging from a planning perspective."

For instance, if there is suddenly high demand for a particular cut of meat Tyson must figure out what to do with the remainder of the product. Situations such as this have become one of the biggest challenges within the company's chicken, beef and pork divisions. "We're buying whole cattle," explains Woods. "If you're cutting the primal in a particular way, say

a particular steak, you get to a point where you can't turn back. If a customer wants to buy prime rib and you already have it cut into rib-eye, it's a challenge."

Finding a Fresh Approach

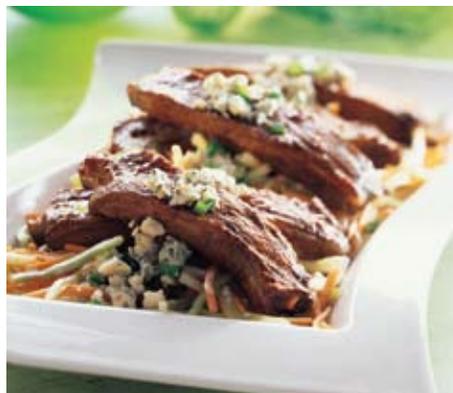
In order to generate one synchronized view of demand across its supply chain, sales and marketing operations, Tyson utilizes the following JDA Software solutions: JDA® Demand, JDA® Fulfillment, JDA® Strategy, JDA® Collaborate and JDA® Market Manager. Tyson also uses JDA applications for transportation and load building across all of its divisions. "It helps tremendously when combining loads for efficiency purposes," says Woods.

The functionality of JDA's solutions is helping Tyson manage huge demand spikes that occur between its fresh and frozen foods divisions.

"It's more of a challenge to plan demand for fresh items than it is for frozen," says Woods. "With frozen you can build inventory to take care of those times when there is huge promotional demand."

To ensure that Tyson produces enough chicken wings in the weeks leading up to the Super Bowl, it must plan production capacity

accordingly. "One of the primary ways that we depend on JDA is to accurately build inventory for big events like the Super Bowl so that we don't run up inventory too early or too late," adds Woods.



From a supply perspective, JDA provides Tyson with an accurate view of incoming birds based on a plan created 18 months prior, according to Howard Alsdorf, director, information systems, Tyson Foods. "Thanks to JDA we can quickly and easily look at the line times, line configurations and which plants have down time coming up, giving us a good indication of what our production capabilities are."

In the case of the Super Bowl, Tyson knows that a large supply of chicken wings are required, which is also reflected in

that enables it to evaluate internal measures each month to ensure that the right amount of sales are being generated from the forecasts. "We measure the business unit according to the inaccuracy of the forecast versus what is actually sold," adds Alsdorf.

In addition to handling huge demand spikes during promotional activities, Tyson also relies on JDA to produce accurate inventory levels for school lunches. Every year just before school starts, Tyson is inundated with huge order



the JDA system as a part of the overall supply plan, according to Alsdorf. "JDA allows us to create a target inventory level that contains what we would normally produce plus any pre-build that's going to be required to meet a given point in time."

The Big Picture

According to Alsdorf, Tyson's demand planning involves viewing three years of the company's sales history and creating a statistical demand forecast. Once that forecast is available, Tyson uses the JDA Collaborate and Market Manager solutions to track items such as promotional activities. Any additional information is added by Tyson's demand planners to make the forecast more accurate. "We have a very comprehensive Sales & Operations Planning process in place whereby the demand planners stick to a monthly schedule to ensure they have entered in all of the proper information and looked at the demand forecast," says Alsdorf. "Once solidified, we take a snapshot of it."

The functionality of the JDA solutions allows Tyson to take periodic "snapshots" of its demand forecast, a process

volumes from schools placing orders for Tyson's patties, nuggets, chicken rings and burrito-type food products. By March and April, the orders dissipate as schools use stock leftover in their freezers.

"But you still have the issue of having the right amount of inventory so that enough product meets school demand again in the fall," says Woods. "It's not a good idea to sit on a lot of excess inventory from April to July because that costs money. It's imperative to start production to meet school lunch demand just in time to ensure product is available when needed."

Growing the International Business

Next on Tyson's strategic menu is the growth of its international business. Part of this strategy is to accelerate the growth of its offshore production footprint. "There have been no issues with the scalability or the ability to add business units to the existing JDA environment," adds Alsdorf. "We are very optimistic about our company's future and look forward to working with JDA to help us meet our goals."