



THE SUPPLY CHAIN COMPANY®

Turning Up the Heat



Goya Foods Builds on Its Rich Heritage by Spicing Up Its Supply Chain Performance

Goya Foods Fast Facts

Industry

Secaucus, New Jersey

Headquarters

Manufacturing – Food

Description

Founded in 1936, Goya Foods, Inc. is America’s largest Hispanic-owned food company, and has established itself as the leader in Latin American food and condiments. Goya manufactures, packages and distributes over 1,600 high-quality food products from the Caribbean, Mexico, and Central and South America.

“A 3 percent incremental increase in sales translates into a very quick ROI on our new supply chain capabilities.”

– Peter Unanue,
Executive Vice President of
Operations and Logistics,
Goya Foods



Objective

Maintain the company’s competitive advantage and better serve its customers by eliminating manual processes and more efficiently managing its demand and fulfillment processes.

Solutions

- JDA® Demand
- JDA® Demand Classification
- JDA® Fulfillment
- JDA® Order Optimization

Services

- JDA Education Services
- JDA Implementation Services
- JDA Performance Engineering
- JDA Support Services

Alliance Partner

- SB3 Inc.

Real Results

- Increased planning productivity by 700 percent
- Achieved record service level of 98 percent
- Achieved 99.96 percent fill rates for a pilot vendor managed inventory project
- Decreased supply costs through bulk-buying strategies



Goya Foods, Inc. was founded 75 years ago by Prudencio Unanue, a Spanish immigrant to New York City who was missing the flavors of his homeland and was unable to find familiar products at local grocery stores. Recognizing an unmet market need, Unanue founded a food brokerage business to import Spanish foods and sell them to small neighborhood markets.

As more immigrants arrived in America from the Caribbean, Mexico, and Central and South America, Unanue and his sons expanded their business to meet the needs of these new consumers. Through the years, Goya has prided itself on hiring Hispanic employees who know the flavors and products of their homelands best, as well as partnering closely with local grocers to meet the distinct needs of each neighborhood.

The Unanue family's personal approach has proven to be a recipe for success in a food category that is closely tied to its consumers' own heritage and cultural identity. Goya has grown to over \$1 billion in annual sales, with 3,000 employees, 1,600 distinct products, six manufacturing facilities and 14 distribution centers in the United States, the Caribbean and Spain.

While Goya has emerged as a truly global business and a category leader, in 2009 executives recognized that the company was still holding on to a small business mindset — and associated supply chain processes — that would eventually limit

its growth. Many of Goya's processes remained manual when they could be automated to achieve greater efficiency. In addition, Goya's supply chain model and associated technology systems were based on a transactional approach that focused on inventory purchases instead of beginning with consumer demand and an integrated forecasting process.

Combining Product Diversity With High Service Levels

Goya turned to JDA Software for support in adding new, technology-driven supply chain capabilities to its proven business model. Goya chose JDA's solutions for demand management, fulfillment and order optimization to modernize its global supply chain and prepare the business for a new era of success.

"We've built our company on maximizing our sales by neighborhood, and that approach has worked very well since 1936," said Peter Unanue, executive vice president of operations and logistics, Goya Foods. "But as Goya has expanded, that targeted sales strategy has added incredible diversity to our product line. In just the last five years, the number of SKUs [stock-keeping units] that we carry has grown by 60 percent. That diversity gives us a significant competitive advantage, but it also has added a lot of supply chain complexity."

JDA's solutions for demand management and classification helped Goya focus on anticipating consumer needs across its hundreds of SKUs and local markets, so that inventory decisions could be targeted to actual shopper demand. Because of its enormous product diversity — and lack of an integrated demand planning process — the company was seeing 5 to 6 percent out-of-stock levels. In keeping with Goya's tradition of outstanding customer service, executives wanted to see that measure fall to 2 percent.

JDA and Goya partnered to create an integrated forecasting and planning process that consolidates demand across all locations and business segments in order to arrive at a "one-number" forecast that drives every inventory and replenishment decision. Instead of operating in functional silos and making isolated decisions, today Goya optimizes and integrates its entire supply chain by working backward from that single-number forecast.

Given its large and diverse product portfolio, a critical component for Goya was recognizing that all of its products have different demand patterns based on seasonal volatility, promotions and other factors.

"Twice a year, we use JDA® Demand Classification to develop highly targeted forecasts that recognize the unique demand factors underlying different SKUs. The solution defines the best-fitting demand algorithms for each product. That enables us to have a much more accurate view of future demand, taking into account both promotions and product seasonality," said Unanue.

As a result, Goya has reduced its out-of-stock rates to just 2 percent, without increasing inventory levels. "I think the results we have achieved have differentiated us from our competition in that we are able to provide much better service. If a customer needs certain products, we're able to deliver more than 98 percent of the time."

Automating Manual Processes

Goya has achieved a range of other business benefits. "Because we are consolidating demand, today we can leverage bulk-buying strategies that keep costs down on the supply side," said Unanue. "And, because we have

consolidated our view of our inventory — whether it is in a warehouse in Florida or Texas — we can automatically generate an optimal inventory plan that even defines requirements for raw materials, based on what is on hand today.”

For products that Goya sources directly from worldwide vendors, JDA® Order Optimization generates orders automatically based on the demand forecast and current inventory levels. While creating an individual purchase order previously represented a 20- to 30-minute manual process, today JDA Order Optimization can accomplish this task in just one to three minutes. By automating the process, buyer planning productivity has improved by 700 percent.

“For our team of buyers, generating an order has become more of a review and approval process, as opposed to creating each individual purchase order from scratch,” said Unanue. “This has greatly increased Goya’s efficiency and freed up our buyers for more value-added activities.”

Goya has also realized significant transportation savings. “Not only do we have the right products at the right place at the right time — but we are also smarter about transporting goods,” said Unanue. “We’re sizing orders so that we use the entire capability of the truck. Our JDA solutions have helped us manage and minimize our transportation costs. This is significant in a grocery category where products are often dense and heavy, such as bags of rice or flour.”

Ensuring a Rapid Return on Investment

In choosing a supply chain solution, Goya was looking for a range of rich functionality, but wanted to ensure that the technology was also easy to adopt for a quick return on investment.

“We found JDA solutions to be highly configurable, both in their functionality and user interfaces — although the solutions are very sophisticated and powerful in running algorithms in the background,” said Unanue. “The people who were assigned to our project from JDA got to know our business, and that enabled them to configure the system in a way that fits our needs.”

Goya was also pleased with the ease and speed of the JDA implementation process, which was completed in approximately eight months. “We chose a phased approach, beginning in our New Jersey headquarters, where we have a lot of sales volume and a lot of IT support. We got many of our key people involved, both consultants from JDA and our own internal staff. From there, we quickly rolled out the technology to Texas, California, Florida and Puerto Rico. Both JDA and our own team did a great job.”

Goya anticipates a quick payback on its investment based on its ability to target and anticipate demand — and to plan the entire supply chain on a single-number forecast. “A 3 percent incremental increase in sales translates into a very quick ROI on our new supply chain capabilities,” said Unanue. “We’re happy where we are, but we’re never going to rest on our laurels. There’s always room for improvement.”

Currently, Goya is using JDA solutions to pilot a vendor managed inventory program at its manufacturing facility in Puerto Rico. “Our next goal is to shift ordering responsibility from our warehouses and distribution centers directly to our production facilities. Today our Puerto Rican manufacturing facility has visibility into all of its ‘customers,’ which are Goya’s warehouses around the world,” said Unanue. “Based on customer inventory levels and targeted demand forecasts, the manufacturing facility can generate forward-looking production requirements and ensure that warehouses

are replenished as needed.” According to Unanue, the pilot project is already realizing impressive fill rates of 99.96 percent.

As Goya celebrates its 75th anniversary in 2011, it’s clear that the company has come a long way from its roots as a small food brokerage in Lower Manhattan. By combining its rich heritage with advanced supply chain processes and solutions, Goya is poised for another 75 years of growth and success.

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA’s multiple service options, delivered via the JDA® Private Cloud, provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

WEB
www.jda.com
EMAIL
info@jda.com

AMERICAS
US
+1 800 479 7382
Canada & Latin America
+1 480 308 3555

EUROPE
UK & Northern Europe
+44 (0) 1344 354500
France & Southern Europe
+33 (0) 1 56 79 27 00

ASIA PACIFIC
Singapore
+65 6305 4350
Australia
+61 2 8912 7900
Japan
+81 3 4461 1000
China
+86 21 2327 9400

Bangalore
+91 80 3028 8888
Mumbai
+91 22 3088 7878

