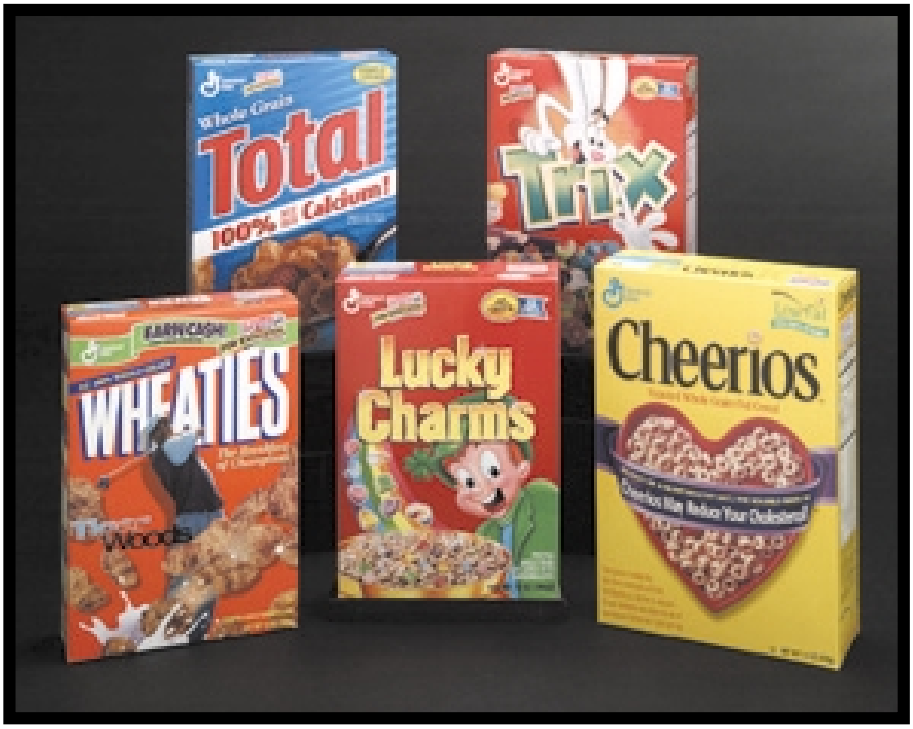
SOLUTIONS

Simulation Dynamics puts power into SCM

Overview

If a picture is worth a thousand words, then the simulation of a complex supply chain must be worth a million. That's one of the conclusions General Mills drew after the company enhanced its conventional methods of analyzing supply chain cost savings with a simulation-based process offered through Simulation Dynamics.

"Instead of taking a snapshot, this is more like a video, " says Mike Geddis, director of engineering at General Mills. "It's more than just a point solution. Your ability to actually see the activity in action and plot out the results allows you to understand impacts much better while the supply chain is running," he notes. "We can run six months of supply chain data in a matter of minutes."



Simulating the solution

Extracting costs from a major product line by further refining the production system required a method far more dynamic than General Mills' old practice. The company's engineers had been analyzing scenarios at an aggregate level by using figures and spreadsheets. But the results they were able to obtain from manual analyses fell short. The company needed a tool to model complex relationships throughout the entire supply chain and draw "the feasible kind of conclusions that helped whittle down alternatives," says Geddis.

Once the company began using Supply Chain Builder simulation software from Simulation Dynamics, the positive impacts became visible much sooner in the process than expected: during the model-building phase.

"What we really found to be very powerful was the actual building of the model," notes Geddis. "It forced a certain diligence in terms of saying, if we change the system here this happens over here. We had not gone to that level of understanding the interconnections of our systems before."

General Mills tested Supply Chain Builder on a smaller scale five years earlier to optimize capital project expenditure decisions in a plant. The company was debating how many packaging lines to buy for a particular product line. Since then, General Mills has used the software beyond analyzing the supply chain for isolated plants. The company can now perform what-if scenarios at a much higher level, putting in multiple plants, product portfolios, and locations; getting efficient and accurate results.

"This definitely saves us time," notes Geddis. "It gives the ability to let the tools follow our questions and follow them rapidly, so once we have the model constructed, we can get results in as little as 15 minutes. There's no question we will explore substantially more alternatives than we would have if this were a more laborious process like before. As a result, we end up with much more thorough and novel solutions.

The results have been lasting for General Mills. Once the model was built, the company found that it could manipulate variables to show a wider range of impacts. Over all, the investment in Simulation Dynamics software has taken the guesswork out of analyzing supply chain scenarios and empowered General Mills with a more productive supply chain.

Simulation Dynamics

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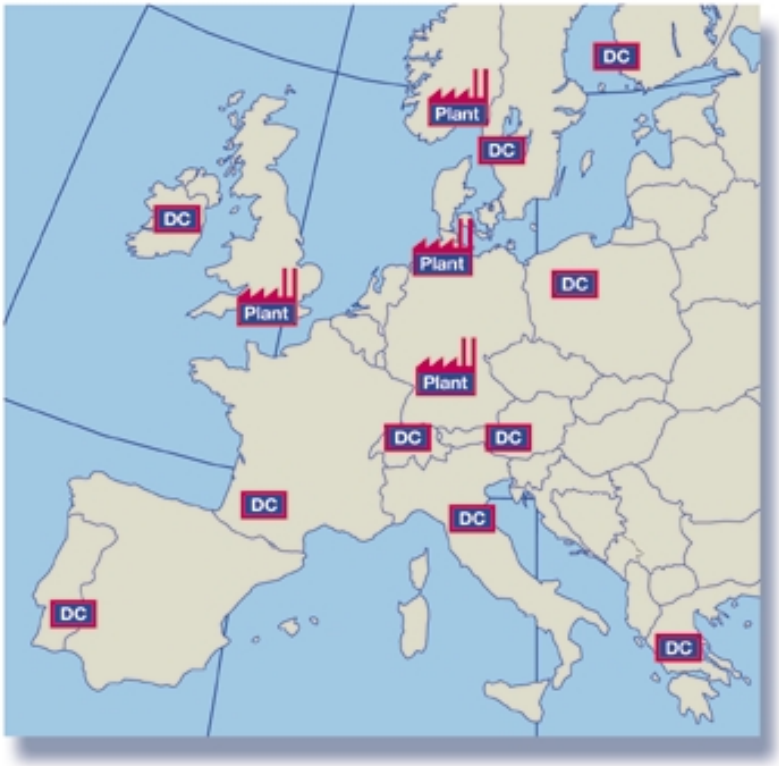
Does anyone in your organization understand how your supply chain **really** works?

> "If anyone here tells you they understand our supply chain, they're mistaken."
>
> *—Director of Logistics of a major consumer goods company commenting at a project kick-off meeting*

If not, how are you going to make it better?



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