



Success Story

Global Grower and Distributor of Fresh Fruits

Benefits

Profit Point delivered an improved Containerboard Optimization Tool and providing improved value to this customer by

- Reducing management's time to analyze multiple scenarios each month
- Improving management's confidence in making purchase recommendations
- Reducing total paper purchase costs through use of better management practices and model resources

And creating the opportunity for them to

- Decrease paper purchase costs
- Increase management productivity
- Provide the client's container production plants with improved purchase plans

Background

Dole Food Company, Inc. is a producer and marketer of high-quality fresh fruit, fresh vegetables and fresh-cut flowers, and markets several lines of packaged foods. Dole globally purchases containerboard from several paper companies to manufacture containers to transport and inventory their products.

Dole uses an MS Excel spreadsheet to optimize the variables and constraints to develop an annual strategic purchasing plan and on-going monthly tactical purchase plans for the year to minimize the total costs of buying paper products.

Objectives

Dole had a desire to improve the optimization tool by using Profit Point's consultants to:

- Validate the current optimization methodology and algorithms
- Investigate if there might be a better approach or tool to solve this problem

One of Dole's purchase challenges was developing dynamic monthly plans that were consistent with the annual plan as they move through the year. The terms and conditions offered by the containerboard manufactures include variable costs and constraints that were non-linear. The monthly plan needed to consider these conditions to produce a purchasing plan that provided Dole an optimal cost minimization solution as they reach year-end.

Our Solution

Validation: Profit Point reviewed Dole's data inputs, assumptions, optimization process and validated that the current spreadsheet model was operating correctly and that the spreadsheet was providing Dole an optimal answer. A few modifications were made to the model, which allowed Dole's purchase managers to quickly update and run the tool, and review the output reports. This provided them the ability to confidently make a purchase

decision by using the model output or a variant of the output or change the input and re-run the Optimization Tool.

Improved Process and Tool: Profit Point provided Dole with an improved Containerboard Optimization Tool using Frontline Systems' solvers (<http://www.solver.com/>) that gave management the ability to:

- Dynamically solve the optimization problem on a monthly basis and consider all the contractual terms associated with optimizing annual tonnage purchase levels.
- Easily develop strategic plans that include multiple prices and programs offered by suppliers.
- Improve the current optimization performance.