

Alpina Mooves Faster with Enterprise Systems

Alpina Productos Alimenticios is a privately owned dairy products company headquartered in Bogota Columbia. It produces more than 400,000 liters of milk daily and sells more than 200 products in Columbia, Central America, and North America, including a wide array of cheeses, yogurts, milk-based beverages, fruit juices, and chilled desserts. Alpina has 21 sales agencies, plants in Venezuela and Ecuador, and 3,400 employees, which process 72 million orders and 400,000 invoices per year. The diversity of its products, the delivery volume, and the size of Alpina's market creates enormous supply chain management tasks. Dairy products require constant refrigeration and have an average shelf life of only 21 days. The company must deliver products directly to stores or distributors within 24 hours after an order has been placed.

The company wants to expand into new regional export markets by maintaining an exceptionally high level of product quality, service, and production efficiency. It must cope with a regional economic downturn, consumer demand for lower prices, and new global and local competitors. Although Alpina was doubling sales every two years, its information systems could not support its pace of growth. Alpina had built its own series of systems that were not integrated and the systems operated in isolation from each other. The firm had no way of communicating or consolidating company-wide information.

To increase productivity and competitiveness, Alpina decided to install enterprise resource planning (ERP) software, embarking in 1995 on an ambitious project to create integrated systems for industrial processes, logistics management, administrative and financial functions, and commercial functions. Alpina started its enterprise project with pieces of software from a number of different vendors but eventually used Oracle Consumer Package Goods (CPG) software to integrate these functions. By December 1998 Alpina had installed the Oracle CPG software in its production plants and sales agencies.

The new system has enabled Alpina to reduce its inventory through better planning and stocking of raw materials and finished products. Alpina has reduced turnaround in raw materials from 35 days to 25 days and has reduced turnaround in finished products from 8 days to 5 days. Through better supply chain management, Alpina is saving \$2.7 million each year. Alpina has also reduced costs by using the information from its system to consolidate delivery loads and create more efficient delivery routes. The system's transportation planning capabilities have helped the company reduce the number of trucks at each of its major distribution centers by 15 percent, saving \$200,000 annually in transport costs.

With information about past order history, Alpina's system helps customers plan and stock their shelf space, providing them with information about which products, flavors, and sizes are most in demand in their stores. Alpina is using this information to help calculate customer demand as it introduces new products in the sub-Andes region, Central America, and the United States.

Sources: Michael Miley, "Fast Mooving", Profit Magazine, February 2000 and www.alpina.com.co