

CASE STUDY

# KeHE fuels supply chain growth and optimization with efficient forecasting capabilities

Food distributor receives a steady diet of best-in-class demand forecasting and inventory optimization capabilities resulting in a 25% reduction in spoils and double digit growth in business, all while securing successful implementation during the Covid-19 Pandemic.

Manhattan  
**Demand Forecasting &  
Inventory Optimization**





## Finding the perfect balance of great technology and great partnership

KeHE is the largest natural, organic and specialty distributor of retail products in North America. The leading wholesale food distributor has 16 distribution centers (DCs) with 5,500 employee-owners working to serve and feed America.

“We’re an employee-owned and certified B corporation,” said Executive Vice President of Supply Chain Geoff Goetz.

“We’re one of the largest B corporations in the world, and we focus on four main bottom line initiatives we call the four Ps: **people, planet, profit, and purpose.**”





KeHE's supply chain goal is to become a next-generation food distributor by embracing innovative technology. However, prior to implementing Manhattan's Demand Forecasting and Inventory Optimization (DFIO), **KeHE had two different aging legacy software solutions in place: one for demand and one for fulfillment. This process was not providing the visibility nor the results KeHE's supply chain leaders were looking to achieve. They knew they needed an upgrade to their software to streamline their demand forecasting and replenishment processes, optimize their capabilities and to better serve their customer needs.**

After undergoing a thorough selection process, KeHE felt Manhattan's advanced forecasting and inventory technology, paired with the right partner to get the job done on the ground, would put them in the best position to experience success now and for the foreseeable future.

"One of the things that we focus on is being crazy good and having crazy good partnerships. And we felt that with Manhattan," said Goetz. "Beyond the technicality of the system and the ins and outs of demand forecasting, we knew that we had a partner, and that was a main driver in our decision of choosing Manhattan."



# Prevailing through disruption

Once Manhattan was selected, the two companies began working together on a yearlong implementation process in 2020, right as the global pandemic was at its peak and during a time when businesses were shutting down and people were staying indoors. The result of these shutdowns was felt throughout the supply chain world as ecommerce orders began rapidly increasing over time due to social distancing. It also meant that a large portion of implementing, testing and integrating Manhattan's software into KeHE's supply chain process would need to be done remotely.

“There was definitely a need for us to understand how to work with all the different parameters in DFIO to help us through very challenging times during COVID,” said Goetz. “Understanding what was real demand and what was a panic buy, and leveraging some of the tool sets, data and adjustable parameters to help us fine-tune that forecast was important.”

KeHE chose to equip itself with the right solutions at the right time, as Manhattan's demand forecasting software provides visibility into network demand and combines innovative forecasting techniques with demand cleansing, seasonal pattern analysis, and self-tuning capabilities to accurately anticipate demand even in the most complex scenarios. **It's designed to rapidly respond to all shifts in demand and delivers an array of unique innovations that make it ideal to address the dynamic nature of assortments that span multiple demand channels.**





“We were pleasantly surprised at how fast we were able to **implement DFIO and we did it during one of the most difficult times** that any of us have ever been through,” said Goetz. “We went live during COVID. And you know you have had a successful implementation when you go through implementation and people don’t even know it’s happened.”



# Investing in results

Once implementation had finished in control DCs that were using Manhattan's solution capabilities, results weren't far behind. **The control DCs that had gone live compared to the DCs that were still yet to implement significantly outperformed on forecast accuracy and even in KeHE's turn and fill rates. And since implementation began in 2020, KeHE has seen improved customer service levels and a 25% reduction of spoils, which for an environmentally conscious food distributor such as KeHE, is very important.**

"When you think about food waste and what we're doing to the planet, caring for the earth is what's important to us," said Goetz. "Another positive outcome of innovation that we focused on is improved customer service levels. And the focus of demand planning and seeing an improvement in our forecast accuracy of 25% has really helped support the back end of innovation, which can drive products on the shelf and helps drive newness out in the marketplace with all our customers."

The innovative technology architecture built into Manhattan's solutions will also help streamline KeHE forecasting process. By utilizing the solution's machine learning capabilities which constantly evolve and adapt the science of demand forecasting, KeHE benefits from higher degrees of forecast accuracy, without heavy user intervention.

"One of the main things within the solution that we felt was going to be a key advantage for us was the simplicity of a single algorithm for forecasting," said Goetz." It puts our demand planners in a position to be able to leverage the technology versus trying to be a statistician outside the system. So, we knew that a single algorithm was going to be very helpful for us, as well as the ability to do store level forecasting and forecasting by customer."





## Nourishing growth

KeHE partners with some of the largest retailers in North America. With Manhattan's demand forecasting capabilities now in place, KeHE can scale to meet the needs of its large supply chain network and accurately forecast each retailer's replenishment and inventory needs separately, versus in aggregation. Lastly, KeHE can now utilize various functionalities to achieve desired business results and has endless access to innovation in the marketplace.

"Manhattan's DFIO solution has helped us prepare for growth, handle growth, and handle significant pieces of business across the country," said Goetz.

**"Our business has seen double digit growth over the last two years.** Our buyers are more comfortable with larger volumes of SKUs, larger volumes of dollars, and they can do it effectively because of the toolset that they have in DFIO. It allowed us to weather the storm and kept food on the shelves to help feed America."



