



## Case Study

**Golze**<sup>1873</sup>

### **Otto Golze & Söhne GmbH**

Bad weather and home trends more under control

- Delivery readiness increased
- Optimized inventories with concept
- Supply chain intuitively plannable

The supply chain management team at **Otto Golze & Söhne** has to schedule materials for around 2.9 million floor coverings and carpets every year. In addition to standard products, Golze manufactures around 46,000 made-to-measure carpets per year in batch size 1, which requires flexible production and a demand-driven material flow.

Due to quotas, the sales channel via DIY stores demands strict adherence to agreed delivery quotas, which requires maximum readiness to deliver across the entire range. In addition, the assortments change every season, which means a not inconsiderable exchange of the range of goods depending on the collection. On the merchandise procurement side, there are sometimes large suppliers with fluctuating delivery readiness, which results in high inventories without suitable countermeasures. Due to global purchasing, the replenishment times for some product categories are also correspondingly long.

At the same time, demand in all sectors fluctuates strongly on a seasonal basis. For example, when bad weather sets in - regardless of the season - the demand for cleanliness mats increases exponentially.

### Delivery readiness not optimal

**Otto Golze** wanted to be able to handle its complex interrelationships more efficiently with partly competing objectives such as 'favorable purchasing conditions despite small lots'. Another goal was to increase the delivery readiness from 95% to around 98% without buffering this through higher inventories. Overall, the existing inventory situation was already considered unsatisfactory and the company wanted to reduce it further.

The supply chain management team then investigated the extent to which there were opportunities in the inventory management system used to find suitable settings. Initial successes were achieved by reviewing and partially optimizing all relevant scheduling parameters.

### Reduce planning effort

However, it turned out that the specific requirements with regard to automatic maintenance of MRP parameters or article class-specific MRP could not be met with the rather static methods of the ERP system used. The project team also saw potential in switching the scheduling of large suppliers to shorter planning intervals, which would have increased the planning effort and brought with it planning uncertainties. To counter these points, strategic options for the prior simulation of inventory development were required. Here, too, the ERP system lacked the appropriate functions and procedures to support decisions.

#### About...

The brand manufacturer **Otto Golze & Söhne** offers high-quality floor coverings and carpets made of natural fibers, fitted carpets, door mats and clean run mats as well as step mats under its house brand ASTRA.

Alliances to strengthen the brand have a long tradition at **Otto Golze & Söhne GmbH**. Thus, taking over licenses for well-known designs and cooperating with renowned designers is just another way of meeting the demands of the market and successfully launching new products. For this purpose, collections for the brands SCHÖNER WOHNEN and JOOP! are developed and distributed throughout Europe.

- 31860 Emmerthal, Deutschland
- Flooring manufacturer
- [www.golze.de](http://www.golze.de)

### Simulation brings safety and facilitation

**Otto Golze** can use the simulation possibilities of DISKOVER to evaluate the effects of different logistical strategies without risk before they are implemented. In the meantime, scheduling has been consistently converted to shorter planning intervals.

#### Personas

"DISKOVER gives us exactly the security we need to be able to satisfy fluctuating demands with high delivery readiness, even with low inventories. It is also very intuitively structured"

- **Andrea Taufall**  
Head of Supply Chain & Quality Management  
at **Otto Golze** in Emmerthal

Previously, some major suppliers planned and ordered on a three-monthly basis in order to achieve the best purchasing conditions. This planning was changed to monthly planning for standard products in order to conserve inventory. The transparency gained provided all the necessary key data for concluding framework agreements with breathing lots, so that the good conditions of the high quarterly purchasing quotas were retained, but inventories fell drastically.

With the introduction of suitable rule sets and article class-specific scheduling algorithms, **Otto Golze** was able to map the real demand across all warehouses and distribution hubs accordingly. The optimization procedures work automatically in the background. They help to continuously optimize planning and scheduling settings and decisions.

### SCM with predictive transparency

The supply management employees were able to familiarize themselves quickly and today benefit from a significant simplification in their daily business in order to achieve and further optimize the set goals. Scheduling is carried out with a high level of detail and comprehensive functions, as well as forward-looking indications of impending problems.

In addition, integrated analysis and reporting functions help **Otto Golze** to identify trends at an early stage. Whereas in the past Excel was largely used manually, today a wide range of specific reports are generated at the push of a button or sent automatically.

### Team spirit shows success with target figures

**Otto Golze** was able to increase its delivery readiness to the desired target level of 98 percent. At the same time, the value of inventories fell by a remarkable 43% from 8.7 to 5 million euros. Hence, the supply management team can thus look to the future well equipped.