

## ***Campbell Soup continuous replenishment System***

Campbell Soup has a program called *continuous replenishment* that typifies what many manufacturers are doing to smooth the flow of materials through their supply chain. Here is how the program works. Campbell establishes electronic data interchange (EDI) links with retailers and offers an “everyday low price” that eliminates discounts. Every morning, retailers electronically inform the company of their demand for all Campbell products and of the level of inventories in their distribution centers. Campbell uses that information to forecast future demand and to determine which products require replenishment based on upper and lower inventory limits previously established with each supplier. Trucks leave the Campbell shipping plant that afternoon and arrive at the retailers’ distribution centers with the required replenishments the same day. Using this system, Campbell can cut the retailers’ inventories, which under the old system averaged four weeks of supply, to about two weeks of supply.

Companies can learn from this example, to implement Enterprise Resource Planning (ERP) systems and reduce their supplier base to make collaboration among suppliers easier, provide economies, and simplify forecasting.

### **CITE THIS AS:**

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