

The TORO logo is located in the top left corner. It consists of the word "TORO" in a bold, white, sans-serif font, enclosed within a red oval shape. The oval is set against a red background that curves from the top left towards the center of the slide.

Rieber & Son - Toro's experience with Implementing Sales and Operation Planning

London 2. April 2009
Factory manager Atle Pedersen

Agenda

- Introduction
- The baseline. Where we were
- Overview of the implementation project
- What have we achieved
 - KPI
 - An aligned sales and operation planning process
- Further work to improve the supply chain
- Learnings from the implementation project.

TORO

Business Unit TORO

TORO brand launched in 1946

Sale 2007 TORO retail: 1 500 MNOK

760 employees

3 factories in Norway

- TORO Arna 145 mill. units
- R&S Elverum 45 mill. units
- Bøe Lefsebakkeri 13 mill. units

- Retail 33.00

- RFI 5.00

- FoodService 4.00

- Market leader in dehydrated food

- 17 No1 positions

- 7 brands

- Sales force for King Oscar and Denja

- One of Norway's most valued retail brands

- Focus on innovation

Western Europe



Rieber & Søn has up to 500 product variants in a Norwegian supermarket and up to 300 in a Czech supermarket.

Central and Eastern Europe



— TORO-Retail:

- 4 retail chains
- Sale, 200 mill consumer units / 2 mill households
- Every Norwegian households buys 2 Toro products pr. week.
- 500 SKU's.

— Foodservice-Norway: One dominant customer (65% market share)

- 500 SKU's

— Food Ingredients-Norway: Several World Wide customers

- 500 SKU's

We source raw materials and trading goods from all over the world

Long lead times on raw materials and packaging materials makes it difficult to meet targets on stock values and planning. Forecasting with long time horizons are challenging

“Local taste champion / leading brand builder” goal in the strategy gives broad product portfolio.

Several new products are launched every year to secure our position.

Lead time on customer orders, 24 – 48 hours. Limited visibility on customer stock values and forecasts.

TORO SC includes three business units with different needs.

In total this gives us a complex logistic.

The "Baseline" (Where we were)

- Dedicated work force. Good investments were done in infrastructure and IT.
- "Supplier of the year-2007" (Norwegian retailers).
- High Self confidence (challenge)!
- Unclear roles and responsibilities. Supply chain was not aligned with sales and had limited understanding of our performance and influence.
- The paradox
 - (High stock, high forecast accuracy, high waste and poor service)
- Performance management (Measures, targets etc).
 - Few measures, not specific and detailed.
- Data quality and analysis
 - Large amounts of data, limited information

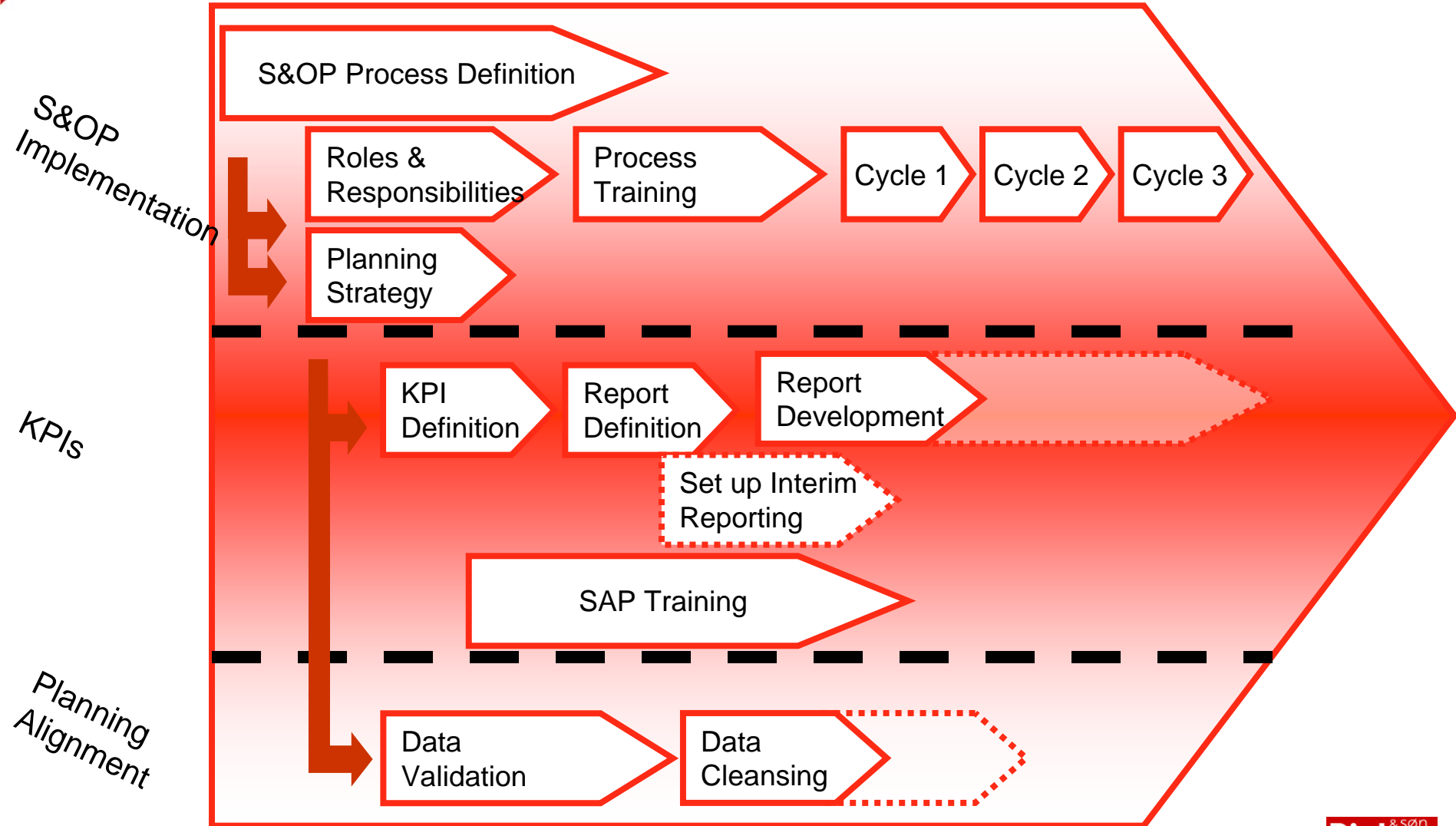


PORSCHE

runs

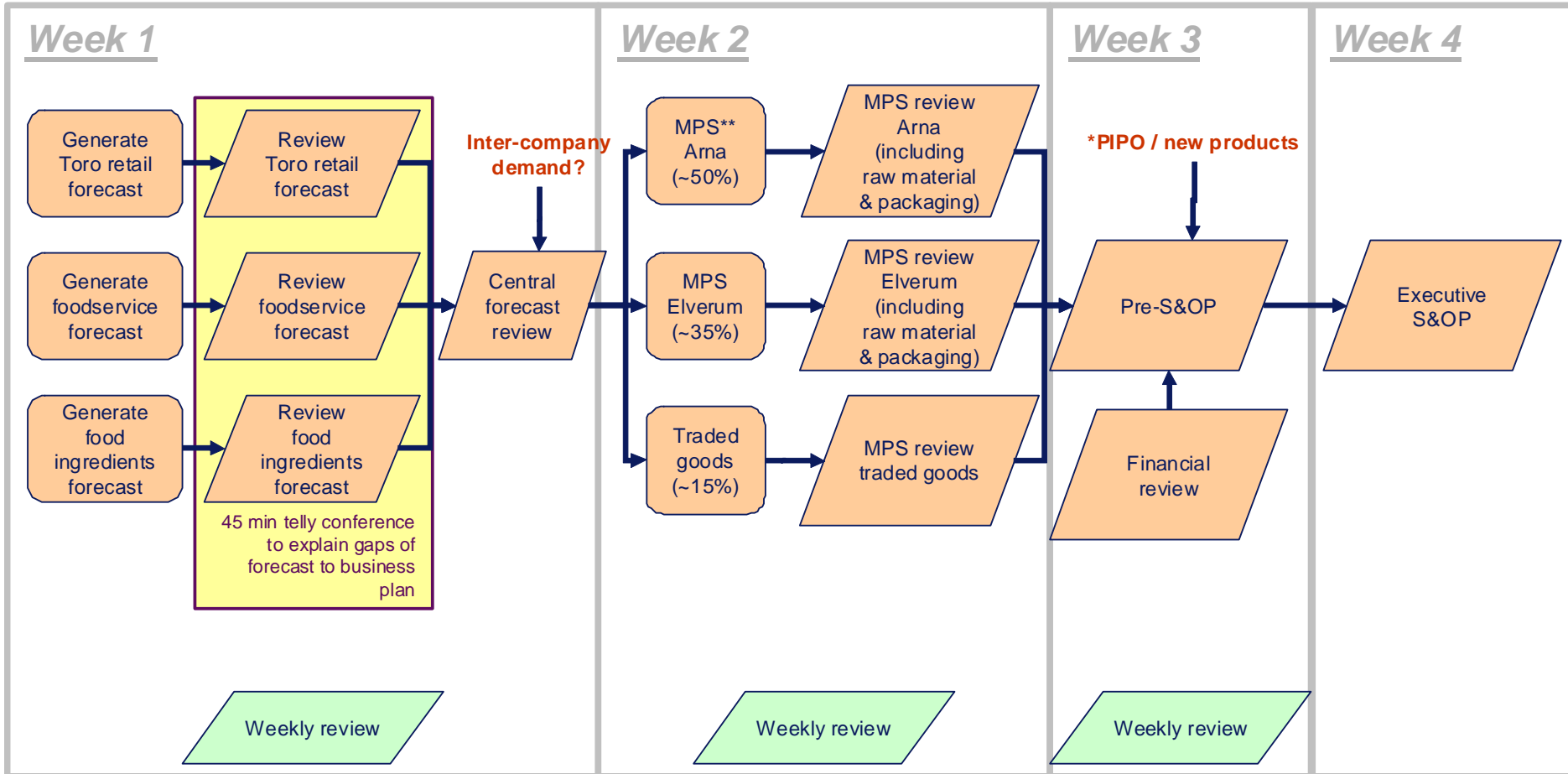


Project overview - three project work streams



- **Sales and operations planning (S&OP) is a business process including several functions from supply, demand and finance**
- **S&OP enables us to predict how the supply chain performs compared to the business plan, and uncover future challenges**
- **In Toro we evaluate the forecasts and compare with our business plan**
- **We have implemented a set of KPI's to show the development in our Supply chain work**
- **There are two key elements: How do we exchange information, and how do we make decisions**

Sales and operation planning process (TORO-S&OP)

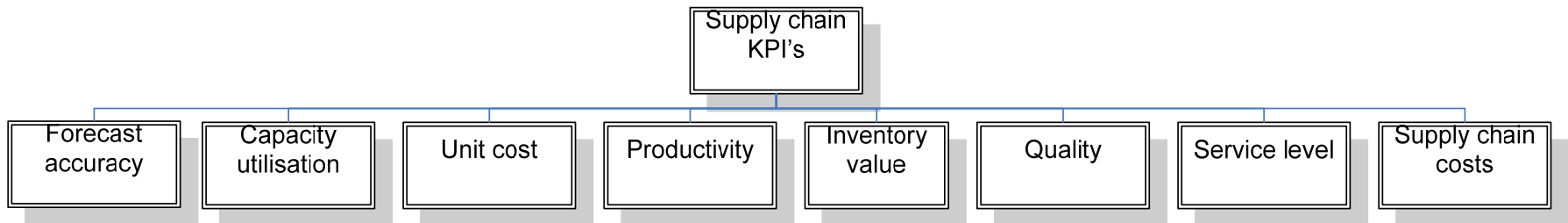


Notes:

*PIPO – phase in phase out

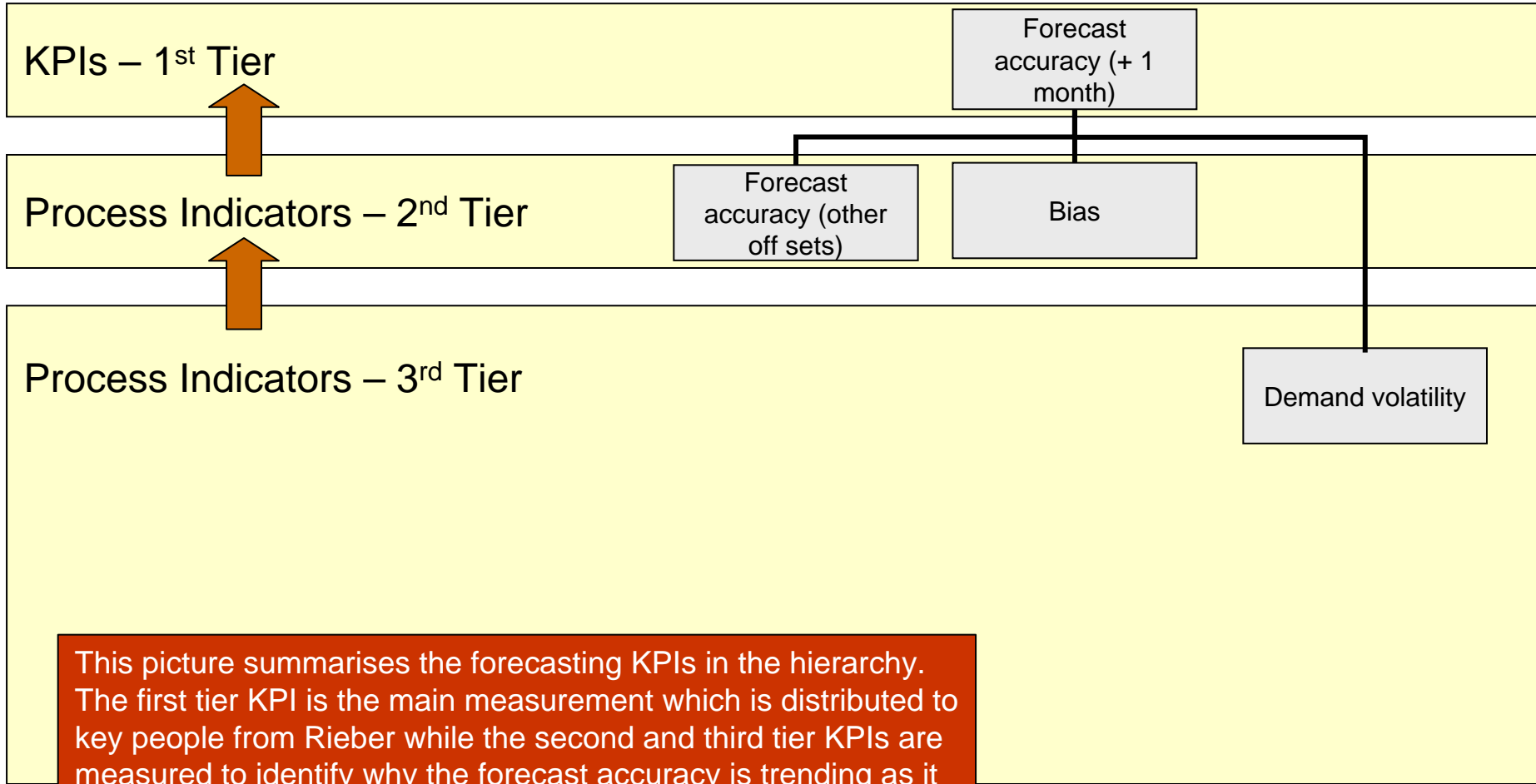
**MPS – master production schedule

Supply chain (1. tier KPI's).



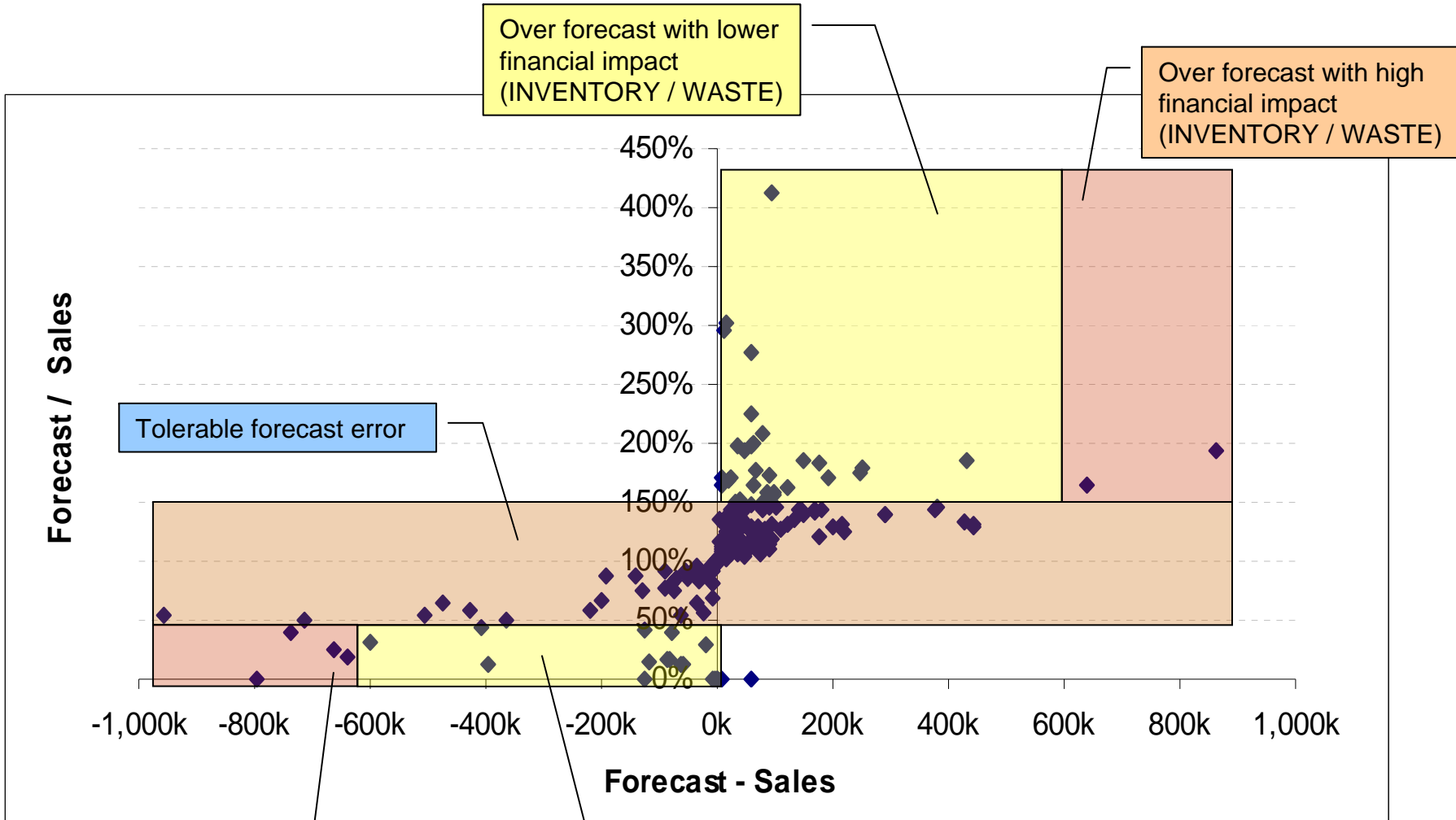
KPI hierarchy example

Forecasting



This picture summarises the forecasting KPIs in the hierarchy. The first tier KPI is the main measurement which is distributed to key people from Rieber while the second and third tier KPIs are measured to identify why the forecast accuracy is trending as it is.

Forecast accuracy, analysis to identify “worst case” products



Under forecast with high financial impact (SERVICE)

Under forecast with lower financial impact (SERVICE)

Forecast Version mmyyyy	JAN 2009
Material (Selection Options, Optional)	Empty Demarcation
Plant (Selection Options, Optional)	Empty Demarcation
Sales organisation	Rieber & Son Norway

Forecast Accuracy Report

Sales Organization	Material	Total Forecast	Invoiced quantity	Absolute deviation	Forecast Accuracy %
Overall Result		1.309.023 CT	1.159.697 CT	331.884,000	74,65
NOA	Rieber & Son Norway	Result			
		1.309.023 CT	1.159.697 CT	331.884,000	74,65
	12031	Anchovies Flat 2oz King Oscar 18pk	10.014 CT	10.014,000	
	13733	Chocolate Drink 10 pak	14.000 CT	23.056 CT	35,31
	9118	Norwegian Stew brown Tr.hjems	18.100 CT	9.750 CT	53,87
	2322	Tomato soup with Macaroni 24pce	22.000 CT	15.016 CT	68,25
	9091	Spaghetti A La Capri	14.000 CT	7.661 CT	54,72
	5033	Lasagna 14 pce	15.840 CT	9.930 CT	62,69
	9117	Broth Soup Tr.hjems	12.000 CT	6.290 CT	52,42
	11801	Codliver smoked 121gr/24ct Carrefour	5.445 CT	5.445,000	
	13941	Anchovies Rolled 2oz King Oscar 18pk	5.394 CT	5.394,000	
	12752	Spaghetti Sopps 500g 24 pce	15.000 CT	9.715 CT	64,77
	3888	Chocolate Drink, ec.pack.	5.037 CT	5.037,000	
	14598	Madagaskar casserole 8pce	2.000 CT	6.563 CT	-128,15
	5032	Lasagna, family pack	32.000 CT	27.506 CT	85,96
	2303	Tomato soup 15 pce	19.500 CT	15.134 CT	77,61
	9119	Norwegian Stew Light Tr.hjems	10.500 CT	6.186 CT	58,91
	15713	Hunting Cassrole 12pce	2.500 CT	6.773 CT	-70,92
	3121	Potato snack with beef 6pce	18.300 CT	14.176 CT	77,46
	5992	Wild rice Boil in Bag 7pce	4.000 CT	56 CT	1,40
	4835	Chocolate cake Big Pan Toro 4 pcs	11.400 CT	7.860 CT	68,95
	6376	Mr.Lee cup,chicken flav.	22.000 CT	25.169 CT	85,60
	5473	Basmati Rice Boil in Bag 7pce	3.400 CT	263 CT	7,74
	3122	Paste Bolognese Instant 6pce	16.000 CT	12.970 CT	81,06

What we have achieved

- **Good buy-in across the business – especially at the top level**
- **A Monthly management meeting in SC, chaired by BU Director**
- **The business process is defined and more aligned between the different functions. Decisions are being made as a result of the S&OP process**
- **We are much more action oriented**
- **We have installed KPI's to secure objective measures and improvements**
- **Supply chain KPIs developed for TORO have been adopted at Group Level**

Further work to improve the SC

- **Changes to the organisation to align it more with responsibilities for the KPI's**
 - Forecast – Resource planning –outbound logistics
- **Anchoring the S&OP in production and align it with a new production/planning philosophy**
- **Improvements in KPI's and data quality**
- **The cost of complexity associated with the high number of FI and FS SKUs needs to be investigated**

Learning from the implementation project.

- **Get the BU director on board. Involve key personnel in the project to secure necessary understanding and buy-in in the supply chain.**
 - We had a very good executive brief that got the whole management in Toro on board.
- **Do not aim for perfection. Start and then improve the process. (K.I.S.S.)**
- **Roles and responsibilities must be defined. This is an important condition for cross-functional work.**
- **Let S&OP replace informal meetings and support the decision process in the supply chain by giving structured information. This will reduce risk and secure that decisions are made at the right level and based on correct information.**
- **An ERP system can only support good business processes.**
- **Data quality. Make sure there are enough resources to generate information.**

TORO

Norway: A beautiful country (not for transportation)

