

Case Study

Vendor Managed Inventory in Action

Supporting Nestlé's Ice Cream Portfolio with Precision, Agility and Confidence



Executive Summary

Nestlé's ice cream portfolio operates in a high-volume, highly seasonal production environment requiring disciplined inventory control and rapid responsiveness.

Through a refined Vendor Managed Inventory (VMI) framework, Jones Healthcare Group and Nestlé transformed their collaboration into a forward-looking, data-driven planning model that:

- Reduces inventory exposure
- Minimizes obsolescence risk
- Shortens planning cycles
- Strengthens production continuity
- Improves confidence across teams

The result is a streamlined partnership model built on visibility, accountability and shared responsiveness.

Business Context

High Complexity. High Seasonality. High Stakes.

Nestlé's ice cream program includes approximately **40 active SKUs**, alongside:

- Ongoing artwork transitions
- Regulatory-driven packaging updates
- Discontinued inventory requiring controlled drawdown
- Market-responsive demand adjustments

Production ramps significantly in spring to prepare for peak summer volume, then tapers during winter months. At the same time, head office directives, promotions and demand variability can shift requirements quickly.

In this environment, inventory must balance availability with agility. Excess stock increases capital exposure and scrap risk. Insufficient stock threatens production continuity.

Evolving the VMI Model

From Inventory Cushioning to Intelligent Control

Nestlé planners requested a forward-looking, horizontal timeline view aligned with their internal planning approach.

Jones developed a customized, formula-driven planning tool that:

- Displays weekly demand signals clearly
- Flags potential coverage gaps automatically
- Identifies replenishment triggers proactively
- Reduces manual interpretation

This shared visibility allows action to be taken before risk materializes, significantly streamlining weekly review cycles.

Leaner Inventory. Greater Agility.

Under the refined model:

- Planning shifted from approximately three months of inventory coverage to an 8-10 week rolling window
- Inventory is positioned closer to requirement — approximately two weeks ahead of demand in most cases
- A standardized 5,000-unit buffer balances flexibility and risk

This approach has:

- Reduced on-hand inventory exposure
- Lowered obsolescence risk during transitions
- Improved responsiveness to demand shifts

Shifted from ~3 months of inventory coverage to a 2–8 week model, reducing on-hand inventory exposure by at least 30% and enabling more responsive supply planning.



Managing Artwork and Regulatory Transitions

With 2026 front-of-pack regulatory updates requiring full artwork transitions, the portfolio faced a complex changeover.

Through the VMI framework, Jones actively managed:

- Controlled drawdown of legacy cartons
- Coordinated production timing to align with regulatory deadlines
- Strategic ramp-up of compliant inventory
- Tight inventory monitoring to minimize scrap exposure

This structured approach protected the program during transition.

Artwork transitions are a common driver of inventory obsolescence; industry guidance suggests that, in some environments, obsolescence can rise toward 20–30% of total inventory—a risk that VMI helps mitigate by reducing excess stock ahead of changeovers*.

Partnership in Practice

In high-volume food production, timing matters.

Through the refined VMI structure, both teams operate with clearer signals and faster response cycles — supporting both inventory efficiency and operational continuity.

This alignment reflects more than a stock management system. It reflects a shared understanding of how Nestlé's production environment functions and how disciplined planning protects it.

Collaboration Efficiency

Today:

- Weekly touchpoints typically last 5-15 minutes
- Signals are pre-identified
- Decisions are actioned quickly
- Follow-up is minimal

The structure reduces administrative burden and keeps both teams focused on forward planning.

As Brittany Cook, Demand Planning Manager at Jones, explains:



VMI works best when it's built on transparency and shared accountability. When both sides trust the data and respond quickly to signals, the system becomes highly effective. It's not about holding more inventory, it's about holding the right inventory at the right time."

— Brittany Cook,
Demand Planning Manager



In our environment, even one hour can make a difference. Production schedules are tight, and small delays quickly multiply through line downtime, staffing inefficiencies and restart costs. Jones understands that.

The visibility and responsiveness we've built through VMI give us confidence – not just in inventory levels, but in how we operate together."

— David Suarez,
Business Partner & SFSC Packaging Specialist, Nestlé Canada Inc.



Success Factors

The success of the Nestlé VMI program is grounded in several key principles:

Data Accuracy and Shared Discipline

Reliable, forward-looking production signals — supported by accurate inputs from both the customer and Jones — enable proactive replenishment and confident decision-making.

Customized Visibility

Planning tools designed to match the customer's internal decision making format.

Rapid Signal Response

Gaps flagged early and actioned quickly.

Lean Buffer Strategy

Inventory positioned strategically — not excessively.

Rapid Signal Response

Both teams engage consistently and collaboratively in weekly touchpoints.

Together, these elements transform VMI from a stock management exercise into a strategic operational advantage.

Operational Impact

Through customized visibility, structured execution and shared accountability, inventory management becomes not just a control function, but a strategic operational advantage.

Decision cycles accelerate, administrative burden decreases and teams spend less time interpreting signals and more time acting on them.

In high-variability environments, precision matters.

Through VMI, precision becomes standard practice.

* NetSuite – Obsolete Inventory Guide:
How to Identify, Manage & Avoid It (drivers and impact of obsolete inventory):

<https://www.netsuite.com/portal/resource/articles/inventory-management/obsolete-inventory.shtml>

