

How Blue Diamond applied CAPA to supply chain and protected \$250k of revenue in under 3 months with its first CAPA



Using Elementum, we've decreased our incident resolution time by 60 percent. The overall result is that we've increased overall on-time delivery, saved revenue, and increased customer satisfaction.

SHAWN NIELSEN

Global Sales & Operations Manager at Blue Diamond Growers

RESULTS AT A GLANCE

60%

faster incident resolution time

\$250K

revenue protected in one CAPA

IMPROVED CUSTOMER SATISFACTION

from better processes and increased OTD

SUMMARY

Blue Diamond began in 1910 as The California Almond Grower's Exchange: a cooperative that gave local farmers a place to sell their almonds. Today, Blue Diamond has expanded from distributing a minor domestic specialty crop to becoming a global presence, with over 3,000 growers that produce 80% of the world's almond supply. Represented by one of the world's rarest gems—the blue diamond—this company leads the industry in almond production and marketing.

Unfortunately, Blue Diamond's antiquated supply chain processes and infrastructure have struggled to keep up with the company's impressive growth. Employees wrote up issues in emails for co-managers to review and address during ad-hoc focal meetings, meaning only a handful of employees had visibility to an issue and its immediate impact. Unsurprisingly, issues resurfaced, resolution times lagged, and the lack of quantifiable data meant employees only addressed an issue's symptoms—not its root cause. Covid-19 exacerbated all these problems. Suddenly, the company experienced forecast-over-demand increases that ranged from 200-300 percent, alongside restricted inventory. This one-two punch brought the company's inventory model to its knees, while sending its already reactive supply chain operations into hyperactive firefighting mode.

To bring the company back into championship form, Blue Diamond committed to adopting CAPA as its problem-solving framework for supply chain. With CAPA's data-driven approach, Leadership was confident that it could finally eliminate the pattern of recurring problems. Just as important, Leadership was keen to create a culture that embraced incident resolution and corrective actions in order to establish an agile, scalable supply chain ready to support Blue Diamond's future growth.

Central to Blue Diamond's plan to adopt CAPA was the need to make data collection and analysis easy and efficient. As a result, Blue Diamond selected Elementum to be its cloud-based incident management platform. Implementation of the first CAPA started with a one-month training program. Supported by Elementum's Customer Success team and Blue Diamond's Oversight team, 25 users identified and categorized 8 different incident types and 30 subtypes. These users then received training on creating incidents instead of emails, with feedback loops that reinforced the platform's ease of use and long-term benefits. The training evolved into a reliable process that allowed employees to identify and report incidents from anywhere, at any time, with minimal effort. From there, the platform's analytics drove actionable insights that allowed Leadership to address root causes and bring about corrective actions. This new supply chain process established a clear workflow, decreased Blue Diamond's average incident resolution time by 60 percent, protected \$250K of revenue from that first CAPA alone, and increased customer satisfaction overall.

BENEFITS WITH ELEMENTUM

- » A CAPA approach to supply chain that provides a clear workflow and root cause analysis
- » Reduced incident resolution time
- » Clear incident visibility and accountability that protects revenue
- » Increased customer satisfaction due to on-time delivery

OVERVIEW

- Founded in 1910 as a co-op for local almond growers
- Now produces 80% of the world's almond supply
- Headquartered in Sacramento, CA with warehouses nationwide
- 1,300 employees and 3,000 growers
- \$1.6B annual revenue

CHALLENGES

- Antiquated supply chain processes focused on addressing symptoms instead of root causes.
- Decision making was anecdotal instead of data-based, accentuated by silo-inducing email chains.
- Problem solving was reactive and laborious, which reinforced team resistance to new approaches.
- COVID-19 related demand spikes increased forecast realizations to 300%, well above the normal 150% days-of-stock coverage.

SOLUTION

- Adopt CAPA as a problem-solving framework to standardize the collection, analysis, and application of data-driven decisions.
- Use Elementum's incident management platform to facilitate the application of CAPA to Blue Diamonds' supply chain.
- Train team members and foster a culture, empowered by Leadership, that embraces incident identification and root cause analysis.
- Act upon data-driven analytics to address and permanently resolve incidents through corrective actions.

A CAPA EMPOWERED APPROACH TO SUPPLY CHAIN

Applying CAPA in Elementum's incident management platform allowed Blue Diamond to follow a clear workflow for reporting and recording incidents, identifying trends, and determining their impact. Users assigned incidents with due dates to the appropriate employees, while team leaders had full visibility to monitor incidents from demand fluctuations, shortages and other trending resource management issues. This, in turn, allowed them to convert trends into root cause analysis—a previously laborious manual process made simple and transparent.

“There's no longer digging through emails, trying to assess where the issue is and its basic elements. Now, we're able to detect, record, and address critical issues.”

- Shawn Nielsen, Global Sales & Operations Manager

FASTER AND MORE THOROUGH RESOLUTION

As part of the baselining process when Blue Diamond first onboarded Elementum's platform for incident management, Blue Diamond's users identified 275 incidents in the first four months. While this volume surprised some of the senior management team, the numbers proved out what employees experienced daily: frequent issues, combined with a lack of clear protocols, inevitably led to a lag in resolution times and repeated roadblocks. With a platform that provided clear assignability and accountability as incidents arose, employees could address issues immediately, effectively, and thoroughly. For instance, the platform's analytics allowed its users to see incidents that occurred repeatedly at one warehouse. They discovered that increasing the number of delivery slots at that location from three to ten solved the issue for good. Overall, Blue Diamond was able to achieve 60% faster resolution times for all of its incidents, while weeding out long-standing issues through root cause analysis.

“Moving 60% faster than you were initially ensures that you get product that you need where you need it when you need it.”

- Shawn Nielsen, Global Sales & Operations Manager

AN ALL-HANDS-ON DECK APPROACH TO SUPPLY CHAIN

Before using Elementum, Blue Diamond's leaders faced considerable pressure to resolve incidents without any data or any clear problem solving framework. Different emails went to different people, creating siloes, while anecdotal evidence limited the team's abilities to determine a root cause and take corrective action. While Blue Diamond's pandemic-weary team was skeptical

of making changes, Blue Diamond's Oversight team worked to reinforce the payoff of using the platform by assigning dollar amounts to incidents when possible. The company's leaders also encouraged a culture of participation, not perfection, that gave employees room to improve their incident-reporting skills over time. Eventually, they discovered that reporting an incident was as easy as writing an email—with all the benefits of data centralization. The data-driven results and cost savings associated with using Elementum—not to mention its quick learning curve—has Blue Diamond moving forward with plans to introduce Elementum to nine other departments within the company and external users, including co-manufacturers and co-packers.

“Elementum is a very easy to use and understand platform that has a structure that allows for a quick learning curve. It brings together data that's more understandable for the average user.”

- Shawn Nielsen, Global Sales & Operations Manager

SATISFIED CUSTOMERS WITH ON-TIME DELIVERY

Before COVID-19, Blue Diamond's stock coverage averaged 150% of forecast. The pandemic skyrocketed those numbers into the 200-300 percent range due to stores that increased internet sales and stockpiled inventory. Blue Diamond was not only struggling to meet demand requirements, but to ensure that inventory ended up in the right place. Elementum's simplified data collection and centralized data analytics allowed Blue Diamond to spot gaps in its supply chain and address them permanently. For instance, Blue Diamond observed that a rail yard treated all shipments as equal. The company went to the rail yard and gained approval to prioritize the delivery of critical shipments over non-critical ones. Corrective actions like this, in the first CAPA alone, resulted in faster delivery times, protected \$250k of revenue, and delivered higher customer satisfaction overall.

“We've increased overall on-time delivery and we've saved revenue and we've increased customer satisfaction.”

- Shawn Nielsen, Global Sales & Operations Manager