

SCA SCAplanner™ Helps Foodservice Company Reduce Food Manufacturing and Distribution Supply Chain Costs

Results

- Flexible, robust, cost-efficient supply chain that meets product quality, food safety, assured supply and cost targets
- Lowered total product costs by 3% - 5% across the supply chain (8% - 10% reduction in controllable manufacturing costs)
- Improved product freshness and longer shelf life for customers
- Better alignment between customer demand, manufacturing and distribution capabilities
- Alignment with customer's long-term distribution network strategy
- Introduction of new manufacturing technologies at selected plants
- Investments providing maximum ROI within the supply chain

Challenge

One of the world's largest foodservice companies was challenged with managing a \$500MM food manufacturing and distribution supply chain. The supply chain involves supplying numerous food products to several thousand customers. The products are manufactured and delivered either fresh or frozen, and can be shipped direct to customers or through a large 3-tier distribution network.

The supply chain had been built up over 30 years with a regional focus, where each plant mainly supplies customers in a local market. There were several challenges with the existing network:

- Capacity at each location was built to local market needs. As each market grew at a different pace, the overall supply chain had excess capacity in certain regions, and severe capacity bottlenecks in others
- Many plants were using decades-old manufacturing technology, and were in need of upgrades or new investments
- Product delivered to the customer was often near the end of its shelf life
- Certain fast-growing markets had no nearby manufacturing locations and were at high risk of running out of product in a contingency
- Customer preferences were changing in terms of product mix as well as fresh/frozen product

“Using the SCA analyzer module, an on-going process was put in place to monitor results, and identify expected and additional cost savings.”

About SCA Technologies

Since 1999, our predictive cost modeling, optimization and cost management capabilities have **helped our clients reduce their delivered cost of goods sold (COGS) by 3% - 5%, saving over \$250 million each year. Our clients include Fortune 500 companies such as McDonald's, NCR, Church's Chicken, Bama Companies, Baldinger Bakery and H. J. Heinz.** Led by a management team of highly experienced professionals from prominent companies like Xerox, Mobil, JD Edwards, PWC, Heinz and Cartesis, SCA is the only company that combines an integrative and collaborative approach with a powerful *"total cost-to-serve"* methodology. SCA Technologies is headquartered in Pittsburgh, PA with offices in Chicago, IL and Delhi, India.

For more information on SCA products and solutions contact: sales@scatech.com, or visit our website at www.scatech.com.

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Solution

SCA Technologies, the leader in predictive cost management software solutions, was engaged to help the client develop a robust, flexible and efficient supply chain to address their medium-to-long-term needs. It had to meet the requirements for product quality, food safety and assured product supply, while reducing the total manufacturing and distribution costs. The client chose SCA Technologies because of our **SCAplanner™ What If** module. The module integrates extensive cost analysis functionalities with detailed operational modeling and product mix changes. These functionalities allow the clients to evaluate the cost and supply chain impact of various strategic alternatives such as capacity levels at each location, distribution process choices, what plants should supply each market, delivery frequencies, and when to make investments in current or new assets.

- **Project Scoping and Methodology:** SCA consultants worked closely with the client and suppliers to define the project scope, standardize data formats, definitions, deliverables and milestones.
- **Data Collection and Validation:** SCA collected and validated operations, finance and volume information from various plants and suppliers including commodity, packaging, and detailed conversion cost.
- **Scenario Runs and Analysis:** SCA consultants used the **SCAplanner™ What If** module to run scenarios evaluating various options within the supply chain: changing the plants, DCs, delivery options, manufacturing alternatives and other factors driving supply chain performance. For each scenario, the **SCAplanner™** provided cost and operations impact to the system and individual plants.
- **Business Case, Final Scenario Validation and Implementation:** The various scenarios were validated by all stakeholders. The solution was implemented to develop a business case for a flexible, robust supply chain that could deliver to the customer's needs, while reducing product costs.
- **Ongoing Monitoring and Cost Improvements:** Using the **SCAnalyzer** module, an on-going budgeting, planning, forecasting and response process was put in place to monitor results, and identify expected and additional cost savings.

SCA Technologies
Intelligent Cost Management Solutions

Call us today at **412.937.0600** or visit us at **www.scatech.com**