

Pork and Profitability: Pork Product Producer Uses SCA Planner™ to Drive Profitable Growth

The Bottom Line

When our Premium Pork Products Producer needed to enhance profitability by improving cost estimation and price quotation, the company turned to SCA Planner™. The application helped the company build a forward-looking picture of costs, margins, and quotes across divergent customer agreements and pricing horizons—within minutes rather than weeks. The Pork Producer increased revenues, and reduced unit costs up to 5%, boosting profitability 30%.

The Customer

Our client has provided premium pork-based products to restaurant chains and other foodservice players for over a century. The first seller of fully cooked sausage to QSR's, our client remains one of its major suppliers.

The Challenge

Our client needed to grow—but in the right way. The company was growing in terms of volume, but not profits, and leadership wanted to build a more strategic growth plan on its significant invested capacity. To do this, they faced the challenge of simultaneously finding profitable deals, managing the potential risk of lower volumes, and providing quotes that took anticipated growth volumes into account. After several meetings with no breakthroughs, executives looked for outside help to manage this confusing dynamic through higher-powered analysis and sharpened sales focus.

The Solution

SCA Technologies™ used SCA Planner to conduct a business-process reengineering study to align marketing/sales, finance, and manufacturing for our Premium Pork Products Producer. The aim was to create a continuous process for planning/review, pricing, and projections. Leveraging the Analyzer™ and Maximizer™ modules, our client was able to estimate future costs using activity-based costing built on the latest available data for planned sales and operations; the projected costs, in turn, were used to set target prices to drive sales.

About SCA

For over a decade, SCA Technologies has provided category sourcing and cost management solutions that help industry leaders maximize profits by better managing market, supply and demand volatility. Supply chain, procurement, finance and corporate social responsibility professionals use the unique cross-functional approach of the SCA Planner suite to make better decisions for billions in category spend each year. With our patented technology, customers can finally address the tough challenges of volatile commodity prices, extended supply chain networks and corporate social responsibility tradeoffs in a coordinated manner. Our innovative, cloud-based solutions deliver increased visibility and quicker response, leading to an average 3-5% reduction in the cost of goods sold on an annual basis. Learn more at www.scatech.com

Through this process the company was able to build a comprehensive, forward-looking picture of its costs, margins, and profitable price quotes, reflecting its growth strategy. Further, the application enabled our client to produce quotes reflecting divergent customer agreements, pricing horizons, and product portfolios literally within minutes, rather than weeks. Over time, the application's ability to drive customer agreement accounting allowed our client to support complex commercial requirements for several large customers simultaneously, minimizing risks of erroneous quotation and creating value for all parties.

The pricing process also highlighted areas where the company was not competitive, down to the operational benchmarks, enhancing their performance-planning and tracking. Through SCA Planner all of these activities could be performed in-line with current data (via ERP integration), allowing easy operationalization by the team and the development of a focused scorecard.

The Outcome

SCA Planner helped our client realize smaller set up costs and the need for reduced inventory, lowering the unit cost of labor, depreciation, and other fixed costs an average of 3-5%. The software also allowed sales to optimize prices and volumes for multiple customers and items, increasing revenues. Overall, while our client's revenue stayed steady, profitability increased 30%. Their customers found the quotation process faster and more convenient, enjoying an enhanced view of current and future prices. The company's collaboration with SCA also reduced the time devoted to meetings, data-related activity, and financial planning and analysis, reducing overhead by two FTEs.