

Global Foodservice Retailer Maximizes Margins in the Dairy Category

The Bottom Line

A global foodservice retailer engaged SCA Technologies to facilitate the design, development and implementation of new category management business processes.

The team deployed SCA Planner™ in a phased process to provide predictable, competitive pricing, robust supplier benchmarking and budgeting, and end-to-end sourcing optimization .

As a result, the company developed collaborative processes that reduced critical decision time from weeks to hours and helped reduce cost of goods by 3-5%.

The Customer

With locations around the globe, this leading foodservice retailer serves millions of customers every day.



The Challenge

The retailer's Dairy category was facing growing demand, evolving product lines and shrinking margins. And the challenge was intensified by the volatile commodities markets for Class A milk, non-fat dry milk, cocoa, sugar and packaging.

Their team used Excel models, e-Sourcing tools and ad-hoc reports for pricing, budgeting and KPIs but found the data inconsistencies across regions and manual processes quite limiting. Other challenges included:

- Fragmented supply chain systems
- Slow, manual procedures for data collection, analysis, and review between supply chain managers and suppliers
- Multiple disparate data sources
- Difficulty monitoring budgeted costs and variance drivers
- Lack of visibility to cost reduction opportunities.

The Solution

SCA Technologies was engaged to facilitate the design, development and implementation of new business processes for category management. Our consultants teamed with the organization's supply chain managers, suppliers, distributors and other stakeholders to understand the company's business needs, current business processes and potential gaps.

The result was the design of a category solution roadmap based on industry best practices that was easy to implement.

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 and finance 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.

SCA recommended the deployment of SCA Planner™ in a phased manner to provide:

- Predictable, competitive pricing
- Robust supplier benchmarking and budgeting
- End-to-end sourcing optimization with visibility to cost reduction opportunities
- Collaborative processes to allow information exchange with sales and marketing and other departments in real time.

In Phase 1 SCA's team:

- Implemented a pricing platform to strategically meet category expectations
- Introduced a more robust data collection and reporting system to best support evolving business processes and needs
- Provided a forecasting and budgeting platform.

During Phase 2 the company implemented end-to-end sourcing optimization with complete visibility to cost reduction opportunities.

Finally, in Phase 3, using the end-to-end optimization model, the client developed a long-term supply strategy for all dairy products.

The Outcome

With SCA's help the foodservice retailer reduced volatility in variance, **saving \$5M in operating capital and financing costs**. The automated, more accurate processes also eliminated data-security risks and human errors.

By automating pricing-related workflows, analysis, and reporting the company **reduced the time required by an estimated 80%, which translated to a net savings of up to 5 full-time employees**.

The company now enjoys a standardized process for budget, actual and variance reporting across all suppliers and business units. The visibility to cost reduction opportunities in sourcing and distribution has helped **exceed the category cost reduction goals** while maintaining high service and product quality levels. With SCA's solution they now have accurate data in real-time for pricing, risk management and sourcing decisions.