Case Study:
ConAgra Foods Finds Recipe for Supply Chain Optimization with Help from Automate Studio

Introduction

ConAgra Foods, Inc., (NYSE: CAG) is one of North America's largest packaged food companies. Its balanced portfolio includes consumer brands found in 97 percent of America's households, the largest private brand packaged food business in North America, and a strong commercial and foodservice business.

Challenge

It's no small task to produce some of America's most popular foods. In fact, it's a logistical challenge just to get that chicken in your frozen chicken potpie. ConAgra Foods receives hundreds of truckloads of raw poultry every year. Until very recently, each of those truckloads would require ConAgra Foods personnel to manually enter shipment data multiple times prior to paying the supplier.

"Our plant personnel would enter data into a spreadsheet, either in Excel or on a pad of paper," says Matt Evans, Manager of Enterprise Procurement COE at ConAgra Foods. "Then they would re-enter much of the same data in SAP. After that, another individual at our corporate office in Omaha would process the supplier's invoice and create a credit voucher to account for any difference between the amount invoiced and the goods received. Because much of the data entry consisted of the same information, there was a lot of redundant work taking place."

The process was also extremely time-consuming, with each truckload requiring over 45 minutes of data entry by multiple people at various points of the process. These inefficiencies had serious consequences, as they sometimes resulted in untimely payment of suppliers' invoices. "In the poultry industry, payment terms are relatively short," explains Evans. "We typically have a matter of days, not weeks, to pay our invoices. We at times found ourselves running a few days late, largely because of inefficiencies in our process. That left our colleagues in Omaha in a poor position for negotiating favorable prices with the poultry suppliers. It was obviously time to find a better way of doing things."

Industry
Packaged foods

Challenges

- Manually entering shipment data from hundreds of truckloads of raw poultry every year
- Redundant data entry by multiple people offered opportunity for improved efficiency
- Complex processes increased potential for late payment, which may adversely impact supplier relationships and negotiating leverage

Solutions
Automate Studio

Results

- Will reduce time required to process new poultry shipments by approximately 735 hours annually
- Added leverage in negotiations by ensuring compliance with suppliers' payment terms and providing clear documentation for every shipment
- Helped ensure that new employees require minimum training to enter new shipments in SAP

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Solution

When Evans discussed his concerns with the ConAgra Foods IT team, they suggested he take a look at Automate Studio. "Our IT team gets pulled in many different directions," he says. "My main concern was that they wouldn't have the resources to support our Automate Studio implementation. But as it turns out, we completed the project without any significant support from IT, because this solution is just so easy to deploy."

Though ConAgra Foods is still early in its Automate Studio rollout, Evans is encouraged by the level of user acceptance he's already seen. "When we provided the scripts to our plant personnel, they were able to pick it up with minimal instruction," he says. "We ran a few WebEx sessions to walk them through the steps, and that's all the training they required. Best of all, they immediately recognized and appreciated the value this solution brings."

ConAgra Foods now relies on Automate Studio to streamline formerly redundant processes into a single form for easy, accurate documentation of poultry shipments. "The Automate Studio form is one stone that kills many birds, if you will," says Richard Caniglia, Procurement Specialist at ConAgra Foods. "It's an easyto-use interface for the end user—a one-stop shop for data entry, whether the data is entered by folks in our poultry plant or in our corporate headquarters. It's also a means of documentation that we keep internally and send to our supplier. So if we're contracted to receive 40,000 pounds of poultry and we only receive 38,000, we now have a much clearer, more consistent way to document that for the benefit of both parties."

Results

By deploying Automate Studio, ConAgra Foods saw immediate and dramatic reductions in the time required to process new poultry shipments, with an average time savings of 65 percent per truckload. "It now takes us roughly one-third of the time to process each shipment," says Evans. "That translates into pretty significant ROI. And it frees up our personnel to perform other activities, such as receiving the next shipment, keeping materials moving within the plant, or communicating with plant or corporate personnel. There are so many ways they can add value beyond just hitting keys on the keyboard. And when you give people the opportunity to add more value to the business, that naturally increases their job satisfaction."

With more efficient processes in place, ConAgra Foods is now able to meet the aggressive payment terms of its poultry suppliers, putting the company in a better position for negotiating deals. "Our buyers no longer need to worry about our ability to transact on a tight schedule," says Evans. "Of course we want to show our suppliers that we can pay in a timely fashion in order to maintain a positive relationship with them."

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ConAgra Foods and its suppliers also benefit because the company can provide such clear documentation for each shipment. "Automate Studio makes it easy for us to send documentation to our vendors that anyone can understand, even if they've never heard of SAP," says Evans. "The whole process becomes more transparent and intuitive for everyone involved, both inside and outside our company."

By simplifying tasks that were once time-consuming, errorprone, and complex, ConAgra Foods has helped ensure that new employees require minimum training to enter new shipments into SAP. "The Automate Studio form gives us a sustainable process for the future," says Evans. "New personnel don't need to learn as many steps, and they will make fewer errors. With this technology, we're in a far better position to keep the business running on time, no matter what."

Future Plans

As far as Evans is concerned, this deployment is only the beginning. "It's the tip of the iceberg for those of us in the supply chain," he says. "Before long, I imagine that people in other parts of the company will see someone using Automate Studio to conduct SAP transactions, and they'll want to know how they can get their hands on it. The value is just so obvious. And we're very pleased with the results we've seen so far."