

A large Quick Service Restaurant Projects Prices Right with SCA Planner™

Pricing Projections

SCA used the SCA Planner™ software system to design a streamlined, user-friendly pricing-projection process that incorporated sales forecasts, suppliers' cost projections, treasury and hedging inputs. This was used to enhance sales and brand strength by delivering price stability to customers while stabilizing cost of goods through better visibility and planning in the supply chain. By reducing volatility on variance, saving of \$50M in operating capital and financing costs were attained. In addition, with automation of pricing-related dataflow, analysis and reporting times spent by managers was greatly reduced allowing them to focus on still to be realized cost reductions in other areas of concern.

The Customer

The QSR company has grown into one of the world's largest and best-known fast-food restaurant chains. Today the company has locations in well over 100 countries, serving sandwiches, burgers and shakes and other fare to tens of millions of customers daily.

The Challenge

The QSR company faces daily uncertainty and volatility related to food commodity prices and, as a result, significant margin variances and risks to the company. The variances when passed to the stores created cash-flow pressure to the restaurants. Leading up to the late 2000s, in order to grow its sales and improve store margins, the company needed to optimize supply chain costs. At that time, all price-to-store related processes and reporting were well after key events, non-standard across categories, time-consuming, and error-prone, which diminished the company's ability to understand cost-related impacts. To continue to offer stable prices to the stores and margin predictability to its franchises and supply partners, the company retained SCA to redesign and automate pricing and projection processes across departments, providing a forward-looking view and stable, optimized pricing.

The Solution

SCA used the SCA Planner software system to design a streamlined, user-friendly pricing-projection process that could be implemented enterprise-wide (including suppliers and distributors) with the system's Pricing module. The reengineered process consolidated the sales department's

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

demand forecasts, suppliers' cost projections, and the treasury and hedging teams' inputs into comprehensive reporting for category managers. The managers then used the resulting 12-to-18-month view of volume, costs, and hedges to optimize pricing using enhanced understanding of impacts on forecasted margins at each price point. The process enabled minimizing of quarterly variances, reduction of price volatility for consumers, and the incorporation of better pricing and margin information into the business decisions of the QSR company marketing and finance teams.

SCA Planner™ gave the QSR company unprecedented, automated ability to visualize cost impacts of changes in volumes, commodities, hedging, and operations processes, along with the capability to adjust prices across multiple forecast horizons and scenarios and to track and control performance-related cost metrics. For the first time, the company could integrate inputs from suppliers and the marketing/forecasting, treasury, supply chain, purchasing, and finance teams onto one platform, delivering each group crucial information for analysis and planning.

The Outcome

The QSR company improved pricing and projection processes through SCA Planner™ enhanced the company's sales and brand strength by delivering better price stability to customers while stabilizing cost of goods through better visibility and planning related to the supply chain. By reducing volatility in variance, the new system saved \$50M in operating capital and financing costs. The automated, more accurate, streamlined processes also eliminated data-security risks and human errors. Further, the automation of pricing-related dataflow, analysis, and reporting reduced the time spent by managers across functions on these processes by an estimated 80%, a net enterprise time saving of up to five full-time employees.