

CASE STUDY

Gold Medal Bakery

Integrated Demand and Supply Network Improves Sales Force Effectiveness

Challenge

Gold Medal Bakery, a leading provider of private-label and branded bakery products, faced severe competition from an ever-increasing variety of branded products. They were experiencing a significant number of out of stocks and felt they were less flexible than their competitors. Further complicated by the pressure to reduce product waste, the challenge Gold Medal Bakery faced was to improve their demand forecasting ability while maintaining a high level of service for their retail customers. Given increased intensity in the consumer-intimate environment, the organization needed to create a world-class sales force to drive business performance.

Solution

Based on deep industry knowledge in this area, Clarkston Consulting chose to combine a SMARTselling application with supply and demand chain optimization best practices in order to provide an innovative solution that would enable the forecasting and integration of data needed for Gold Medal Bakery's success. Eleven Technology's SMARTselling™ web-based application suite for handhelds was integrated into the current SAP® enterprise resource planning (ERP) system. This sales tool scans sales, promotional activity, seasonality, sales trends, and all market specific information in real-time at the retailer thus creating a "Smart" order. The application suggests "Smart" orders on a per-customer, per SKU basis, and transmits those orders in real-time to Gold Medal Bakery's ERP system.

Benefits

The solution resulted in field sales' enhanced ability to improve customer and consumer service by providing the framework to capture valuable data from the "moment of truth." Gold Medal Bakery has become adept at forecasting customer demand based on the integration of sales history, POS data, and seasonal promotions. Now, Gold Medal Bakery's sales force is able to focus on revenue generating activities, like direct selling in high traffic stores and educating retail personnel.

"We needed a partner to design and deliver solutions that would have real impact on improving operational efficiency and our bottom line. Because of their deep industry knowledge and IT expertise, Clarkston Consulting was the clear choice. We now have a strong foundation to integrate our supply and demand networks and propel us past our competition."

Carl Culotta,
VP Sales & Marketing,
Gold Medal Bakery



Introduction

Retailers have recently regained the balance of power over manufacturers in the consumer products industry. Because retailers' profit margins have historically been slim, they are attempting to pass these margin pressures back up the supply chain. Major retailers like Wal-Mart, Target, and Best Buy are able to wield their power in ways that can both help or hurt the economic performance of major consumer products companies. For example, retailers can require consumer products companies to provide valuable consumer data on the category performance for their products; however, the results can be used for more than promoting successful category growth. More often than not, retailers are using this critical data to develop and introduce even more competitive generic products in high-value categories.

By focusing on their high-worth market categories and trying to appeal to their most profitable customers, retailers are attempting to improve customer service, merchandising, and salesmanship. In grocery stores, nearly 35% of total store sales come from perishables departments (produce, meat, dairy, bakery, and deli), and consumer research shows that shoppers choose their primary supermarket largely on the perceived quality of its perishables categories.¹

Companies that provide inventory for these categories have an even more complex challenge than increased retailer pressure. Properly managing spoilable inventory is a continual battle. By automating order entry to allow for more accurate real-time order management analysis, consumer products companies can help retailers maintain a high quality of service for consumers. Improving daily in-stock percentages will help build consumer confidence in the department and prevent loss of revenue. Since having overstock is wasteful in a perishables department, minimizing excess and obsolete inventory will have a direct impact on the manufacturer's bottom line. Perhaps even more important, instead of manually counting and analyzing potential customer orders on a daily basis, merchandisers will be able to train personnel, improve product rotations, perform in-store personalized selling and demonstrate products. All of these revenue-generating activities can help boost the category and improve retailer margins.

Business Challenge

In a highly competitive baked goods market, Gold Medal Bakery needed to grow their business. Severe competition from an increased variety of branded products, pressure to reduce product waste, and requirements to minimize out-of-stock percentages were just a few of their market challenges. Gold Medal Bakery had to improve their ability to service existing customers and develop market share in a customer and consumer intimate industry.

Since the Gold Medal Bakery sales force manually tracked sales information, errors occasionally occurred, resulting in inaccurate sales forecasts and failure to capture order changes. They recognized the sales force was not capturing valuable market information about their customers and consumers, leading to a potential loss of sales. Industry trends required Gold Medal Bakery to have a tighter integration between their demand and supply network. Identifying which sales tool would best integrate with their current enterprise resource planning system, SAP, further complicated the challenge.

Business Solution

Clarkston proposed and implemented an innovative solution utilizing Eleven Technology's SMARTselling™ web-based application suite for handhelds integrated with SAP®. The sales tool used scan sales, promotional activity, seasonality, sales trends, and all market specific information to logically determine the "Smart" order. Clarkston's SAP industry expertise, the utilization of real-time supply and demand chain optimization tactics, and the SMARTselling application proved to be a winning model for Gold Medal Bakery.

The integration of SAP and SMARTpresell provides Gold Medal Bakery with an innovative solution to develop a foundation for integrating their demand and supply networks. A complex algorithm called SMARTquantity registers quantitative data from SAP. The master data includes daily details about orders, deliveries, customers, products, pricing, and point-of-sale information. The algorithms generates a "Smart" order allowing the sales force to more intelligently interact with bakery and grocery store management and react to promotions and trends quickly. In addition, the sale force is empowered

with real-time order shipment information resulting in improved retail relationships at the corporate, regional, and store level.

Gold Medal Bakery was able to retire their existing paper-based systems for forecasting sales and improve sales force effectiveness. In addition, they created smaller sales teams focused on key accounts and embraced new processes for sophisticated demand forecasting.

Business Benefits

Today, Gold Medal Bakery's sales force can forecast customer demand based on the integration of sales history, POS data, and seasonal promotions. The SMARTpresell application suggests "Smart" orders on a per-customer, per SKU basis, and transmits those orders in real-time to the manufacturing system. With PDA access to critical information at their fingertips, the field teams can focus their efforts on training bakery personnel, product demos, and direct selling at the storefront. Clarkston enhanced the mobile sales and field representatives' ability to capture data at the "moment of truth" which helps Gold Medal Bakery identify growth opportunities and improve customer service. All of these elements of improved efficiency translate into more revenue for the organization.

Benefits resulting from this solution include:

- Reduced out-of-stock and inventory obsolescence
- Integrated, real-time demand and supply network
- Comprehensive and sophisticated demand forecasting
- Enhanced access to data to respond quickly to consumer requirements
- Empowered sales management with real-time data to support business decisions
- Improved customer service

Company Profile

Gold Medal Bakery is the Northeast's leading provider of private-label and branded bakery products, including breads, bagels, rolls, and English muffins. Founded in 1912, the privately held company is headquartered in Fall River, Massachusetts and continues to operate as a family-owned business.

Note

AC Nielsen, http://www.factsfiguresfuture.com/archive/july_2004.htm.

Clarkston Consulting is a leading management and technology consulting firm that provides strategic business solutions for clients within the life sciences and consumer products industries worldwide. These market leaders turn to Clarkston to help them bridge the gap between strategy and execution to sustain a competitive advantage. Clarkston is a sought-after business partner because of its recognized industry thought-leadership and superior client relationships, as measured by The Conference Board's survey on client satisfaction. For more information, visit www.clarkstonconsulting.com.