

Deloitte Managed Analytics

Welch's achieves ROI in first 30 days

Background and Situation

Headquartered in Concord, Massachusetts, Welch's is a leading marketer of Concord and Niagara grape-based consumer products—including grape juice, jelly, and other fruit-based offerings. Welch's is the processing and marketing affiliate of the National Grape Cooperative Association, and its 1,200-plus grower-owners supply the principal raw products—Concord and Niagara grapes—from 49,000-plus acres of vineyards in Pennsylvania, Michigan, New York, Ohio, Washington and Ontario, Canada. With operations in 35 countries, Welch's is a \$600 million company with approximately 1,200 employees. It processes approximately 50,000 customer orders each year and delivers 35-40,000 shipments annually to its customers with a transportation and distribution spend of over \$50 million per year.

Welch's found itself in a difficult situation: business data was located in several different IT systems in many different departments across the company. The company had shifted from using a home-grown legacy system to an Oracle ERP system. Since a separate freight pay system existed outside of the Oracle ERP, information had to be gathered from the two systems, as Oracle was unable to consolidate the data in one location. Additionally, Oracle's ERP system did not have a strong transportation and logistics reporting module, which did not provide employees the necessary information for day-to-day business activities and critical business decisions. At that point, Bill Coyne, Director of Purchasing and Logistics, opted to pull in Deloitte Managed Analytics (DMA) to implement an analytics-as-a-service solution in lieu of developing one internally.

Solution

Once Coyne made the decision to move forward with a Deloitte Managed Analytics solution, the DMA team met with the Welch's group and conducted a profiling session to understand what the management team expected for reporting and how they could optimize the user experience. "Our experience is that the time frame was fast. In fact, it may have been too fast for us," Coyne remarked. "They actually came back in a very short period of time with a proposed solution that came quite close to meeting our total needs. We had expected a lot of give-and-take, a lot of back-and-forth between the Welch's team and the Deloitte Managed Analytics team just to understand our reporting needs. In the end, we found out that there was surprisingly little back-and-forth between the two parties to get to a final reporting solution. So we were very, very pleased with the entire delivery process."

DMA was able to implement a reporting solution that gave Welch's a mini data warehouse to effectively report and produce KPIs (Key Performance Indicators) within a dashboard. At a glance, users from across the company could analyze how they were performing in various areas. Essentially, Welch's could now view data from three disparate systems, which was now consolidated into a single data warehouse. "So we take every order, every

Company Profile

- Sector: Consumer Goods
- Industry: Beverages - Soft Drinks
- Revenue: \$600 million
- # of Employees: 1,228
- Company type: Private

Business Problem

- Recent Oracle ERP implementation was limited with separate freight pay system
- Inability to forecast orders regionally to fully load trucks
- Different IT systems across company in different departments
- Inability to compare previous year's transportation cost information to current
- Unable to make critical decisions within transportation to reduce costs

Results

- Solution paid for itself within the first 30 days
- Savings from:
 - higher truckload utilization
 - balanced shipments across days of the week
 - optimizing shipments within the Welch's network
- Consolidates data from 3 data sources
- Sharing of data within the organization at all levels
- Six-week implementation and immediate adoption



Welch's case study

bill of lading or shipment, and every freight bill that's paid every day, and in the middle of the night, we transmit that electronically over to the DMA solution where it's populated into a data warehouse. Once it's in that data warehouse, getting the information out is extremely easy. It's very intuitive. We joke with the people internally that learning to use the Deloitte Managed Analytics solution is about as difficult as learning to use Google," said Coyne. The ease of use was most appealing to Coyne, "[So] everyone uses it – power users, everyday staff, clerical staff, and it's very, very easy to slice and dice data across the data warehouse, pulling information of all different sorts, pulling it together, comparing it. There's really no limit to the time periods you look at or carriers, weights, orders and things like that."

Benefit

Using the DMA analytics solution to identify what benefits would be coming Welch's way, Coyne's team found they were able to address a number of key issues; for example, building full truckloads and getting as many cases and as much weight on a truck as possible is critically important. The DMA solution allows them to look at customer order patterns and identify where they have opportunities to fully load trucks. Coyne remarks, "We found our shipping operations actually overloaded on some days of the week and using the Deloitte Managed Analytics solution we were able to analyze the number of orders and volume by day, look at the days that were overloaded versus days that were lightly loaded, and kind of surprisingly, we found we were creating orders ourselves and scheduling them for shipment on the heavy days. So going out and moving those orders out of the heavy days was something that was easy to do, and it's really something we couldn't see in our old systems."

From a scorecard perspective, Welch's now has the capability to analyze costs and performance in different ways. "We're able to look at year-over-year cost trends. We look at comparisons of cost between carriers as we decide what carriers to use in different geographic areas" says Coyne. He continues, "The budgets are always important at companies like Welch's. We're able to do very detailed budget variance analysis to monitor our ongoing costs against our budgets. And we're also able to analyze customers and their order patterns and know what it costs to serve different customers."

The Deloitte Managed Analytics solution created very favorable bottom line impact for Welch's. Coyne went on to say, "We're able to look at cost by many different dimensions. We can slice and dice our costs, our volume, our order flow by geography, by manufacturing plant, by distribution center, carrier, customer, shipping form, whether it be frozen or refrigerated or dry. We can understand how much of our cost is driven by changes in rates versus changes in fuel costs. We can aggregate any time period together that we want to look at, compare year-over-year time period, and then also look at volume and cost by any sales division. But the real beauty of this is that we have all of our data - every data element on every order, every bill of lading, and every freight bill - in a single data warehouse. If we see something that looks the least bit funny, we have the ability to drill down to an individual shipment, order, or freight bill. We're also using this as a way to consolidate smaller orders as we try and build them into truckloads, and we're trying to - or we're well on our way to - moving to a point where we just use the Deloitte solution to look ahead at order volumes and bring orders together to build truckloads."

Welch's realized at the early stage of the Oracle ERP implementation that its solution had limitations that hindered business operations. The impact of the DMA solution with its modest price tag and rapid deployment has been remarkable. As Coyne put it, "I really have no doubt that we should probably see ourselves paying for this in the first 30 days or so. So we're very happy with the Deloitte Managed Analytics solution, and it's getting a lot of use right now."

For more information, please contact:

Rich Cohen, Principal
Deloitte Consulting LLP
+1 215 446 3435
ricohen@deloitte.com

Steve Morandi, Senior Leader
Deloitte Analytics, LLC
+1 781 810 2508
smorandi@deloitte.com

Dan Spillett, Senior Manager
Deloitte Consulting LLP
+ 1 201 736 7509
dspillett@deloitte.com

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