Major QSR Chain Transforms Procurement Planning to Cut Costs

Kickoff to Go-Live in Two Months

Utilization ▲
Increased truck capacity utilization

2 Months
Implementation time

9% ▼
Less inventory while serving more restaurants

Industry
Foodservice /
Quick Service Restaurants

Headquarters Location
USA

Size
Billions of dollars in revenue, Thousands of restaurants

New Horizon Products
Buyers Workbench

Objective
Optimize DC-level procurement of food, beverage, and disposable items to reduce inventory and lower costs

Solution
Implemented New Horizon Buyers Workbench in just over two months. Rolling out across the USA. Integrated with BI, store replenishment, and Oracle ERP.

Building the Post-Pandemic QSR Supply Chain

Supply chain excellence is critical for Quick Service Restaurant (QSR) operators to provide a consistent consumer experience at the lowest possible price. COVID-19 has made this all the more apparent. While the entire restaurant industry is recovering from the turmoil of 2020, QSR operators are still suffering from uncertain demand, supply disruptions, and labor shortages. The pandemic has served as a wake-up call for the need for QSR supply chains to be more agile in the face of the ongoing pandemic and future disruptions.

The Procurement Planning Challenge

Facing the unprecedented conditions created by the pandemic, the supply chain group of a multi-billion dollar QSR chain embarked on an ambitious effort to re-design its procurement and inventory management processes. Their goal was to ensure that DCs have an adequate supply of the approximately 500 food, beverage, and disposable items distributed to their restaurants — at the lowest cost possible. This required fundamentally rethinking business processes to squeeze out costs and improve performance.

Why New Horizon

In evaluating solutions for procurement planning, the company looked for a number of advanced features particularly relevant to the foodservice industry that would give it more precise control in its planning.

NEW HORIZON™

New Horizon is a key part of the company's strategic initiative to transform its supply chain. Buyers Workbench enables the company to precisely control replenishment orders, truck load building, and inventory levels in order to minimize costs while maintaining the highest possible service levels for the restaurants.

Specific capabilities included:

- Truck Loading Optimization: Lower transportation and ordering costs by optimizing truck loading across pickups from multiple vendors

- Inventory Balancing: Balance supplies across DCs before resorting to new purchases

- Vendor Calendar Optimization: Plan deliveries to accommodate vendor schedules so that warehouse receiving capacity can be level loaded

- Item Group MOQ: Plan a minimum order quantity (MOQ) for a group of related items rather than having to buy a minimum quantity of each item

New Horizon stood out for their superior ability to meet the above requirements. It also provided a better user experience and greater reporting capabilities.

Go-Live in Just Over Two Months

The QSR chain kicked off their implementation of Buyers Workbench in late 2020 and went live just over two months later. The solution is part of a larger supply chain transformation project and is integrated with the company's business intelligence, store replenishment, and Oracle ERP systems. Buyers Workbench is now being rolled out across the country DC by DC.

Lower Inventory, Reduced Costs, Streamlined Processes

With a new procurement planning process enabled by Buyers Workbench, the company has been able to reduce inventory and lower costs while maintaining a very high service level to its restaurants. The New Horizon implementation has already helped the company achieve significant business benefits:

- 9% reduction in total inventory during the first phase of the project (despite increasing the number of restaurants served by 69%)

- Automation of truck load building to optimize the use of truck capacity and reduce operational costs

- Improved ordering efficiency resulting from the reduction in time needed to build orders

- Improved planning efficiency by automating analysis

- Exception management approach to proactively address inventory issues before they become problems

- Better quality data from data monitoring to avoid unnecessary mistakes

To learn more:

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