

# ATS

## Retail Grocer Case Study

- Capital: \$1+ Billion.
- Consultancy: Many Solutions.
- Cost: \$32 Million Reduction.

30+ Years of Advancing Projects, Boosting Profits, and Cutting Costs.

# ATS Clients



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# Who We Are

- 30+ years serving in the U.S., Canada, the U.K., and Western Europe.
- Phenomenal client list, stories, and case study outcomes.
- Providing capital, consultancy, and cost reduction.
- 1000+ global affiliates, partners, and experts.
- \$10's of Billions results for organizations.
- 28%+ overall average cost savings.

# ATS Organization Details

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**Organization Name:** Fortune 100 Oil and Gas

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**Industry:** Grocer / Retail / Oil and Gas (CORS – Company Operated Retail Stores)

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**Organization Size:** \$30 Billion+ Annual Gross Revenues

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**Client Billable Type:** Fixed Contract, T&M, Sourcing, Percentage Bonus

# ATS Client Needs



**Client Challenges / Need:** Centralize Procurement and setup awarded supplier / vendor contracts for: lower cost, while maintaining quality, better delivery, less inventory, ability to grow with our client, fresh grocery items, and other specifications as set forth by their needs.



**Solutions Provided:** Procurement, Centralization, Best Practices, SOP Revision and Implementation, Cost Reduction, and Training.



**Other Outcomes:** Centralized Software and Inventory System Developed and Implemented, Vendor Management, Partnership Development, Capital Improvement.

# Client Needs Assessment

- ATS designed an outlined of needs assessment and submitted this to them sharing some of our potential solutions based on what they shared and what we saw. Some of these areas included:
  - The organization had no centralized purchasing department.
  - Buyers were ordering from vendors with no guidelines at more than 200 locations.
  - Their Purchase Requisitions and Purchase Orders were not integrated with finance and the central office.
  - They did not have any Standard Operating Procedures (SOP's) for finance, procurement, and shipping/receiving.
  - They did not have a proactive department communicating with more than 200 convenience stores about the needed goods and services supply.

# Client Needs Assessment

- ATS Needs Assessment:
  - There was no compliance and supplier / vendor evaluation taking place to ensure vendor accountability.
  - There were very little supplier / vendor contracts in place (high risk of supply chain disruption).
  - More than 48% of all deliveries from suppliers / vendors were late.
  - Their licenses and contracts were not properly being managed.
  - No meetings were taking place to progressively improve their procurement and financial systems (finance, purchasing, and shipping/receiving).
  - A host of many other things.

# Client Outcomes: Line Item Procurement, Cost Reduction, & Vendor Partner Selection

The entire list of line items to be procured was in the thousands. Below are the general areas that we developed that contained the general idea of each main area:

- **Eggs and Dairy** (milk, half and half, shredded cheese, butter, and cottage cheese).
- **Over the Counter Medications** (aspirin, cough medicine, lip balm, throat lozenges, and sinus medication).
- **Meats** (bologna, ham, pickle loaf, salami, and summer sausage products).
- **Drinks** (juices, soda, coffee, energy drinks, alcoholic beverages).
- **Dry and Canned Foods** (bread, buns, dinner rolls, soup, vegetables, canned meat, chili, stew, pickles, relish, catsup, mustard, and mayonnaise).
- **Sweets and Snacks** (candy, chips, dried meats, canned pudding, nuts, sandwiches, nachos, and fountain drinks).
- **Additional Items** (batteries, coolers, flashlights, candles, maps, windshield cleaner, motor oil, and tobacco).

# Client Outcomes: Additional Best in Practice Projects

From the initial project conducted, ATS found that the organization was not organized. Some examples were:

- No meetings for purchase and finance close out.
- Software not licensed properly.
- Purchasing folders were not centralized (they had to be gathered from more than 200 locations and the corporate office departments).
- All purchasing files were not complete.
- There was no vendor list besides for payment purposes only in finance.
- They had no understanding of cost reduction.
- The purchasing staff did not understand Request for Proposals and bidding processes.
- The several million-dollar software package contained in the purchasing module which was not being utilized.

# Client Outcomes: Daily Operational Assessment, Data Summary

- ATS researched their vendors and began noting different correlations (lack of data, no compliance, evaluation not taking place, supply chain disruption high risk, files and contracts missing, and no centralization).
- Researched company purchasing process from PR through PO.
- Attended director and upper management meetings;
- Started a weekly meeting between finance, those buying, shipping and receiving for proactive solutions and ideas.
- Interacted with users for their software in finance, IT, and HR, and documented what was most important – the company's steps, habits, and ways.

# Client Outcomes: Strategy and Plan Implementation

- Created and implemented Standard Operating Procedures.
- Vendor analysis, which resulted in vendor management and evaluation (we researched their usage of grocery items, over the counter items, and other products sold at each location, and came up with a master list – from this master list, we reviewed what products did well and what were not doing well – then, we worked with our client to design a master list of products that their consumers desired and purchased regularly with higher profit margins).
- Certified each supplier and partner, streamlined operations to focused suppliers and partners, reducing procurement costs, finance costs, IT costs, warehouse, and logistics costs.

# Client Outcomes: Data Retrieval – Spend History, Needs, & Planning

- Provided Staff development and training for procurement and finance. We discussed the methodologies and best practices that would be used in the new centralized purchasing department that would be rolled out throughout the company soon.
- The charter, specifications, methodologies, and goals of the new procurement department were outlined. This strategic plan was routed to all senior leaders, project sponsors, and departments for comments and feedback.
- The associates were empowered to construct a procurement department with the proposed outcomes. The corporate office and each location contributed and as a result, everyone held the new centralized procurement department in high esteem. The strategic plan was implemented. The tactical pieces started falling into place by having procurement staff hired and daily operations started.

# Client Outcomes: Data Retrieval – Spend History, Needs, & Planning

- Weekly status and performance meetings were conducted with all department managers and directors. ATS established a standalone best practices and lessons learned from all acquisitions and procurement department projects.
- A procurement SOP manual was created for the procurement department about how to use their procurement software (step by step manual). This reduced the amount of time purchasing staff and all Purchase Request users were taking to create the Purchase Requisitions and Purchase Orders. The impact was felt by more than 200 system users that had to do the ordering of any product and service, which reduced their labor time by more than 64%.

# Client Outcomes: Data Retrieval – Spend History, Needs, & Planning

- Then the system was automated for approvals within Outlook for easier management of orders, approvals, disapprovals, compliance, budget control, and forecasting. This system was generated through their procurement software, the forms were routed to Outlook, and the approver could either authorize or reject electronically. This organization had more than 7,000 employees, more than 200 approved requisition staff, many regional directors, several corporate directors, and other authorized staff. This approval system alone reduced labor by more than 9,300 hours per year, increased compliance, greater control resulted in reduce orders of items not approved, and all involved were more engaged and proactive with their department budgets.

# Client Outcomes: Data Retrieval – Spend History, Needs, & Planning

- At the same time, we started implementing cost reduction for the master list. We assembled our master item list of the products under “items needing procurement” (found on page two) and started the procurement process. From the specifications developed with the client, we were able to reduce costs on average for all items by 22% with improved quality, higher average profit margins, and real-time ordering with the awarded suppliers.

# Overall Client Outcomes

- Over a one-year period, the company realized savings more than \$32M for hard cost, soft cost, cost avoidance, human capital labor, all with sustainable measures. Each year our client initiated the Request for Proposal, best practice, and sustainable measures implemented within a proactive and communicative centralized procurement department.
- The ATS approach, as conducted for all clients, resulted in the customized solutions to the company's environment, challenges, and needs. The result not only stopped after we completed these projects, but continued through the education ATS brought, turnkey and automated software systems, data intelligence for vendor sourcing, and up to licenses, contracts, and agreements.
- Capital improvement for growth, M&A.

# Overall Client Outcomes

- The most significant impact to this company was the teamwork that started occurring because of ATS recommendations being implemented within the company. From the involvement, came ideas, which resulted in applied actions and solutions, and actual ownership. This entire change management process helped the teams in this company to sustain the savings, efficiencies, compliance, vendor management and evaluation, continued best practice and SOPs changes as the company continued to excel in growth, more than doubling in revenues, additions of new enterprises, and the train the trainer model.

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