ATEECO (MRS. T'S PIEROGIES)

SAP® SOFTWARE ADDS INSIGHT AND EFFICIENCY TO MANUFACTURER'S TRADE PROMOTION MANAGEMENT

"The SAP Paybacks and Chargebacks application helps us get maximum value from our trade promotion dollars."

LeeAnn Smulligan, Senior Marketing Associate Manager, Ateeco Inc.

QUICK FACTS

Company

- Name: Ateeco Inc.
- Location: Shenandoah, Pennsylvania
- Industry: Consumer products – food
- Products and services: Manufacturing of frozen foods (pierogies)
- Revenue: US$40 million to US$60 million (estimated)
- Employees: 200
- Web site: www.pierogies.com
- Implementation partner: Vistex Inc.

Challenges and Opportunities

- Improve visibility into promotional spending
- Enhance effectiveness of trade promotion activities
- Streamline trade promotion business processes
- Double sales volume within 10 years

Objectives

- Replace manual promotions tracking system with automated trade spend management software
- Integrate trade spend management software with existing qualified SAP® Business All-in-One partner solution
- Provide portal-based data access to internal business users and external brokers
- Leverage the workflow functionality of the SAP NetWeaver® technology platform

SAP Solutions and Services

SAP Paybacks and Chargebacks application by Vistex

Implementation Highlights

- Deployed on time and within budget
- Created internal team to identify needs, choose software, and oversee implementation
- Documented and revised existing processes to increase efficiency
- Trained brokers to use software
- Worked with a consultant to simplify implementation

Why SAP

- Robust trade spend management functionality
- Integration with existing qualified SAP Business All-in-One partner solution
- Affordable software solution
- Excellent fit with IT architecture

Benefits

- Automate manual deduction request processing, saving 3 person-days per week
- Speed availability of trade spend data from 3 weeks to near-real time
- Increase volume by 10% per promotion for a top customer
- Simplify data entry and performance visibility via an intuitive software interface
- Streamline claims management processes
- Improve accuracy and timeliness of bill-back accruals

Existing Environment

ARIS SmartPath for CPG Foods, a qualified SAP Business All-in-One partner solution from IDS Scheer AG powered by SAP NetWeaver

A greater focus on value is driving consumers to purchase foods that taste good but are also budget-friendly. This trend boosted sales at Ateeco Inc., manufacturer of Mrs. T's pierogies. As revenues climbed, however, Ateeco found it difficult to track and optimize promotional spending. Building on its existing qualified SAP® Business All-in-One partner solution, the firm deployed the SAP Paybacks and Chargebacks application by Vistex – gaining the insight to increase trade spending effectiveness, streamline claims management, and improve decision making.

"The SAP software gives us up-to-the-minute, total visibility into our planned promotional spending and our actual claims spending," says Tim Coyle, director of information systems and technology at Ateeco. "In addition, we now have timely and accurate accruals. With this software, promotional performance management has become a reality for us."

Savory Sales Goal

Ateeco makes an Eastern European specialty food called pierogies – a crescent-shaped pasta shell traditionally filled with whipped potatoes and cheese. Located in Shenandoah, Pennsylvania, the company began by making pierogies around the kitchen table of the original Mrs. T, Mary Twardzik. Founded in 1952 by her son Ted Twardzik Sr., the company is still family owned and operated.

Although Ateeco is a small manufacturer, the company has profited by thinking big. Today nearly 200 employees, supervised by Ted's sons Ted Jr. and Tom, manufacture more than 12.5 million pierogies per week. Eleven varieties of pierogies are shipped to food retailers and food service providers in the United States, as well as military bases as far as Germany and Japan. "Our vision is to double the size of the business over the next 10 years," explains Coyle. "Our goal is to sell one billion pierogies annually."

Ateeco sells its products to customers using third-party agents or brokers, who work cooperatively with its sales office. To drive sales, the company frequently offers promotional discounts and rebates to grocery retailers in return for reduced prices on the shelf and advertisements in weekly circulars. Customers typically deduct the discounts and rebates upon their remittance. Brokers validate the deductions, sales and marketing approve them, and the finance team applies them as a sales allowance against gross sales.

Appetite for Insight

As sales grew, the company struggled to understand its spending on trade promotions. "Our promotional spending is a large portion of our yearly budget," states LeeAnn Smulligan, senior marketing associate manager at Ateeco. "But we didn't always know where the money was being spent or whether the spending was efficient or effective in helping us drive incremental volume profitably."

Ateeco needed to be able to match promotional bills and expenses with the sales volume generated by specific campaigns. Executives wanted insight into promotional effectiveness, including readily accessible data on key performance indicators, sales figures, and margin analysis.

What's more, the company wanted to upgrade its paper-based, manual trade spending system. "Each week, the marketing team would receive huge envelopes of promotions data from the sales managers," says Smulligan. "We would code each deduction request with a sales agreement number and send it on to finance for payment." This process, which took one day each week for the team of three marketing employees, was time-consuming, inefficient, and costly.

Ingredients for Change

Ateeco had recently deployed new enterprise resource planning software, a qualified SAP Business All-in-One partner solution from IDS Scheer AG that's powered by the SAP NetWeaver® technology platform. To maximize efficiencies, the IT team wanted to deploy a trade spend management solution that would integrate with the existing SAP software.

Ateeco considered a variety of software solutions, some deployed on-site and others that were hosted. A selection team – including representatives from IT, marketing, and finance – scored these

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offerings according to functionality and price. The clear winner on both counts was the SAP Paybacks and Chargebacks application.

"We hit a home run when we realized that this application integrates with our qualified SAP Business All-in-One partner solution," says Coyle. "It provides the functionality that our users require, fits our existing architecture, and is affordable even for a smaller company like Mrs. T's."

Streamlined Processes, Enhanced Efficiencies

The Ateeco team, helped by a consultant from Vistex Inc., began documenting the company's trade promotion processes. Using one sticky note for each process, the team quickly covered three walls of a large conference room. "The process helped us to see how we were doing business as it related to our promotional spend," says Smulligan. "It was eye-opening to see the inefficiencies, but it helped us create a path to working more efficiently."

Based on the standard, task-specific functionality of the paybacks and chargebacks software, the team redesigned its processes and created a more streamlined workflow. The group then used standard deployment methodologies to efficiently create a blueprint, formalize requirements, install the software, convert master data, and perform final testing. The software was deployed on time and within budget, just 17 weeks after selection.

"I can't say enough about the quality, responsiveness, and industry understanding that the Vistex consultant exhibited throughout our project implementation," says Gary Lauerman, director of retail sales and marketing at Ateeco. "Our configuration was done right the first time."

The team then began training nearly 35 internal business users and external brokers to use the software. These users now access trade promotion data through a Web portal. Many larger brokers, who were accustomed to using other trade spend management solutions, were impressed with the intuitive interface of the SAP software. "It's their favorite software to use," says Smulligan. "They say it is easier to input data and get results."

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Tim Coyle, Director of Information Systems and Technology, Ateeco Inc.

Taste for Value

Although measuring the benefits of the SAP Paybacks and Chargebacks application is difficult, the Ateeco team is certain that the software has delivered real value. The company has streamlined its claims management process and improved the accuracy and timeliness of bill-back accruals. The team has also reduced the manual inputs required to manage promotional agreements and process related claims.

"The paper-based system was a breeding ground for poor communication, errors, and duplication," says Coyle. "The SAP software lets us structure communications among our organization and the brokers by leveraging the workflow functionality of SAP NetWeaver. It also provides the visibility to see what's going on, up to the minute, with our promotions."

Now that brokers have portal-based access to the data, they can perform routine marketing-related tasks. For example, they help research deduction information, keep track of promotional agreements, and take responsibility for ensuring that agreements are activated and deductions are approved on time. Work managed by the brokers frees the Ateeco marketing team to perform more value-added tasks.

New Promotional Agility

The marketing team no longer spends three days each week handling deductions since those tasks are handled automatically by the software. Promotional spending data, which once took up to three weeks to be posted, is now available in near-real time. "The SAP software gives us the ability to better understand our consumers and measure the effectiveness of our promotional spend," says Smulligan. "We're working smarter, not harder."

For example, using the insight enabled by the software, Smulligan's team realized that it was not spending as effectively as possible on certain promotions. "We revamped our promotional strategy," she says. "Since making that change, we've seen a more than 10% increase in volume per promotion for one of our top customers."

Having faster access to accurate data also helps Ateeco make informed decisions more quickly. If a promotion is doing better than expected, sales managers can capitalize on that opportunity by redirecting funds to that promotion. "Every organization has limited resources," says Smulligan. "The SAP Paybacks and Chargebacks application helps us get maximum value from our trade promotion dollars."

Billion-Pierogy March

The company quickly achieved its projected payback on the SAP software. In the first year after the software was deployed, Ateeco set new revenue, profit, and product-volume records. "The SAP software played a role in our success," says Coyle. "Because we were able to manage our promotional spend better, we could be more agile and execute more effectively."

Looking forward, Ateeco hopes to add business intelligence features as well as additional finance and supply chain data to its SAP software environment. For now, however, Coyle is convinced that the existing SAP software will support the company's growth and enable smart decision making. "With the SAP Paybacks and Chargebacks application, we know that we've picked the software that will enable us to grow as we march toward that billion-pierogy sales mark," he says.

Vistex

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