



SUPPLY CHAIN GAME CHANGER PLAYBOOK:

Resolve OTIF Delivery Issues 10x Faster and Avoid Costly Penalties

Part of an ongoing series of Game Changer playbooks for Supply Chain

Play:	Resolve customer order delivery issues 10x faster & reduce penalties / OS&D chargebacks
Net Revenue Impact:	\$100k to \$10M (dependent on company size)
Time to Implement:	10 days to 1 month (depending on organizational agility)

Visit <https://www.elementum.com/executive-briefs-and-guides> for more resources & plays.

Supply Chain organizations of all kinds are plagued by chronic disruptions, missed OTIF SLAs, and penalties or chargebacks for customer orders that were over, short, damaged or missed their delivery window. Consider this thought from a supply chain leader at a \$2B revenue, food & beverage manufacturer:

We are a service-driven organization constantly striving to deliver on-time, in-full to our customers. This inherent desire and passion is what many times makes us extremely inefficient. We have five or ten people unknowingly solving the same problem while no one is working on the one that has the greatest impact on delivery.”

There are however examples of food & beverage and other consumer brand companies that have found ways to mitigate or eliminate these unexpected costs and improve customer experience. Their success is rooted in three key steps:

1. Get the **right tools** that empower your supply chain (NOT Excel & email)
2. Develop the **right operating cadence** to drive clear accountability
3. Assemble the **right team**-- your agents of change

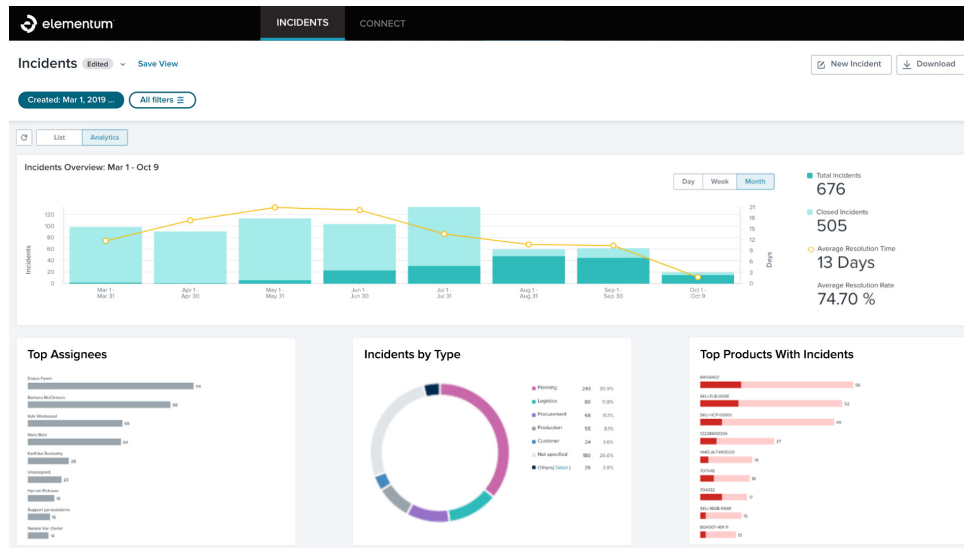
These steps may seem obvious, but when combined and done well against a focused pain point like preventing customer order delivery issues that impact OTIF, they have proved to be the game changer for supply chain organizations of all sizes.

As they say though, the devil is in the details. Read on for a look under the covers at how supply chain game changers reduced costs, streamlined operations, and increased customer satisfaction, all while re-claiming their sanity.

Three Steps to Success

Step 1: Get the Right Tools that Empower Your Supply Chain

Technology is one of the most tangible tactics you can use to get more control over and insight into your supply chain. Solutions that help drive operational excellence fall into the Supply Chain Service Management category.



Supply chain service management is a foundational capability that is woefully absent in many organizations so is likely a new area you need to invest in. Operating on a much faster drumbeat than your S&OP process or tools, systems in this category will allow you to swiftly identify emerging risks, allocate resources, and stifle issues before they have a chance to gather steam.

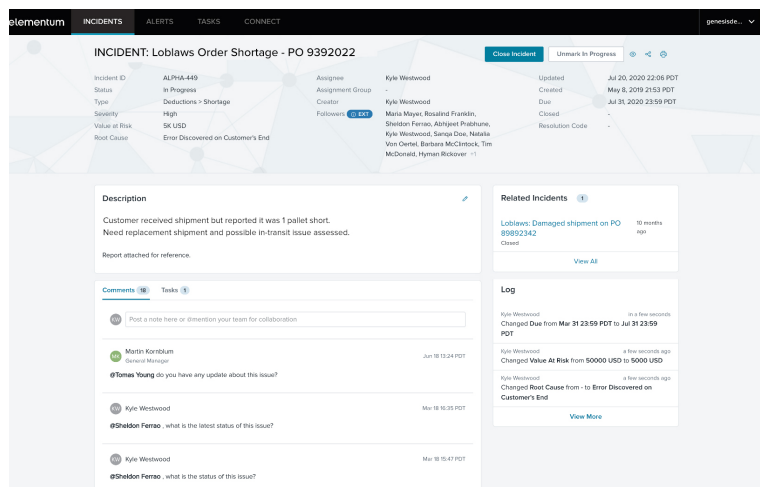
Leveraging technology designed for supply chain service management *accelerates response time, improves resource utilization, and increases customer satisfaction.* Team leads and managers are kept informed automatically without the need for email updates and manual reporting. By operating more efficiently and clearly identifying owners for each task, you will improve service levels.

When deciding on a supply chain service management system, make sure it can provide the following:

1. One central place for all customer delivery complaints
2. Provide visibility to every person who needs status updates
3. Ensure blinding clarity on who is accountable for next steps
4. Collaboration with external parties like 3PLs, carriers, suppliers etc.
5. Analytics that can drive continuous improvement & provides a view of customer order delivery performance by site, SKU, region, assignee etc.

Step 2: Develop the Right Operating Cadence to Drive Clear Accountability

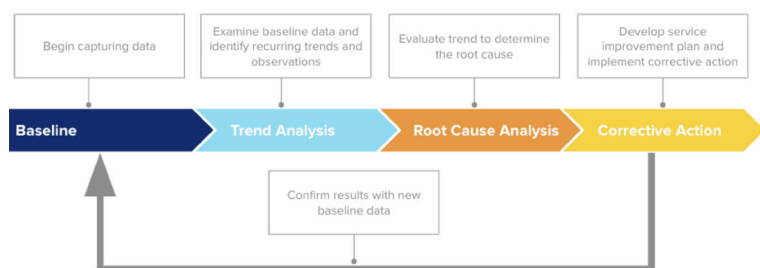
In the daily complexity of supply chain disruptions, it becomes increasingly difficult to understand who is on deck to orchestrate resolution. Processes are what make the people and the technology come together to really affect change.



Operationalizing service management and incident triage into your supply chain organization is easy. You already meet with your teams on a regular basis. With a Supply Chain Service Management system in place, running that meeting is facilitated through a review of incident status in a dashboard—the best way to ensure that nothing falls through the cracks.

During these triage meetings, use the incidents captured in the supply chain service management system to go over open items and follow up with the teams and individuals accountable for moving them forward.

Step 3: Assemble the Right Team— Your Agents of Change



Identify a Supply Chain Hero who will act as your primary change agent. This is the person accountable for the process and maintains, designs and improves that process as needed to achieve the objectives of the business. They are positive, high-energy change agents.

Supply Chain Heroes have a proven ability to get results through collaboration and process discipline. They need to gain buy-in from key stakeholders internally such as finance, quality assurance, and customer service. In addition, they must work well across the entire supply chain— including supplier, logistics and manufacturing partners at every stage.

Together, these broader stakeholders become additional agents of change who work together as a team with your Supply Chain Hero to ensure alignment of Key Performance Indicators (KPIs) to Critical Success Factors (CSFs). They collectively maintain a high standard of accountability to maximize value from the chosen technology system and ensure business objectives are realized.

How Ken's Foods Got 10x Faster at Resolving Customer Delivery Issues & Reduced Chargebacks

Ken's Foods is a food & beverage company that turned their initiative to reduce chargebacks and penalties into a strategic cornerstone of keeping their retail customers happy, proactively.



The number one benefit we're getting out of Elementum is accountability-- it is very clear who owns the next step in the resolution of customer issues caused by over, short or damaged orders.

CARI TALBOT

Senior Director of Supply Chain at Ken's Foods

RESULTS AT A GLANCE

200+

Incidents identified & resolved in 1 month

8-10X

improvement in average response time



Sales team freed up to close new business

SUMMARY

Ken's Foods started out as a restaurant in Framingham, Massachusetts called Ken's Steakhouse. When their salads and dressings became more famous than their steaks, they transitioned into a food manufacturer that has grown to a \$1B+ business. Today, they produce and package over 1,000 varieties of dressings and sauces across 4 plants near Boston, Chicago, Atlanta, and Las Vegas.

With market dynamics calling for more customization of products and an increasing number of third-parties involved in the delivery network for customer orders, Ken's Foods had to become extremely nimble to better serve their customers' needs. Despite internal measurements that delivery performance was at 99.1%, the supply chain team was constantly responding to calls and emails from the field. Each question or request for an update triggered a reactive fact-finding mission requiring even more calls and emails. Ken's Foods invested in Elementum to manage issues with customer orders more efficiently, collaborate better with their partners, and proactively recognize when shipments are at risk to minimize resulting chargebacks and penalties, and to analyze common root causes to permanently prevent future challenges. Deploying Elementum as a solution was such a success that they resolved over 200 logistics related incidents in the first month alone at a rate 8-10x faster than before, while freeing up their sales team to focus on closing new business.

BENEFITS WITH ELEMENTUM

- » Proactively manage customer order issues & increase C-SAT
- » Clear accountability across the organization
- » Faster resolution times & improved collaboration
- » Significant reduction in chargebacks and penalties from customers
- » Analytics to identify root causes & make permanent improvements

OVERVIEW

- Family-owned & operated food manufacturing company founded in 1958
- Headquartered in Marlborough, MA with ~2,000 employees
- Primary products include salad dressings, sauces, and marinades, often custom-made
- 4 plant locations across the USA
- \$1B+ in revenue across both Retail Grocery and Food Service lines of business

CHALLENGES

- Reactive response to customer order issues that took 2-3 days
- Limited visibility & difficulty collaborating across teams
- Inefficiencies with multiple people working on the same issue
- Struggling to quantify annual revenue impact due to lack of clear data

SOLUTION

- Clear accountability with a centralized incident management solution
- Proactive response to order issues with improved collaboration
- Analytics off a single source of truth to help identify and fix root causes
- No more mass emails asking for status updates or massive spreadsheets for tracking

Now we have the data piece to reflect back and say, 'How did we perform in this time frame? What are the root cause trends that we're seeing and how do we stop it from happening again?'

CARI TALBOT

Senior Director of Supply Chain at Ken's Foods

PROACTIVELY MANAGE CUSTOMER ORDER ISSUES

Leveraging Elementum, Ken's Foods was able to gather more immediate data on every customer delivery at every stage. Using photographs to document the state of orders, they could respond proactively if a shipment was damaged or some units delayed, even before the customer could send a complaint. This information allowed Ken's to minimize the occurrence of chargebacks or penalties, and work more efficiently with their shipping partners. Ken's Foods was even able to raise their customer satisfaction ratings by anticipating customer needs before the customers knew them.

For our customers, the end goal is that you just have product there on time, in full. So we can't wait for a performance scorecard for last quarter. We want to have the data in real-time so we can stay ahead of it. And that's what Elementum brought to the table for us."

-Cari Talbot, Senior Director of Supply Chain

CLEAR ACCOUNTABILITY ACROSS THE ORGANIZATION

With Elementum as a single source of truth for all customer order issues, it became much easier for Ken's Foods to determine who should take the lead in making things right for the customer. Whereas much of the time used to be spent tracking down where a shipment went wrong, now they could pinpoint the point of failure without having to rely on people's memories of the last day, week, or month. Most importantly, they could take action to make the client happy and avoid the same mistakes in the future.

There's that saying 'when everybody's in charge, nobody's in charge'. Before Elementum, an email would go out to 20+ people and it would be unclear whose job it was to respond. Now it's so clear exactly who is responsible for what role and who is taking care of the issue, by when."

-Cari Talbot, Senior Director of Supply Chain

FASTER RESOLUTION & IMPROVED COLLABORATION

With these new streamlined processes in place, Ken's was able to reduce their average time to resolution from 2-3 days down to 2-4 hours. Before Elementum, multiple parties would end up working on the same issue — customer service, traffic, supply chain and sales would all try to

ensure the customer issue was being resolved, leading to inefficiencies and loss of productivity. Now, salespeople can keep an eye on any incidents with their customer, but worry less and focus more on closing new accounts. Meanwhile, customer service teams spend less time repeating the current status of issues across the company because anyone who wants or needs to have visibility can easily follow along through the centralized tracking system. More information and visibility made the entire company more effective, even those outside of the supply chain team.

I was working 50 hours a week and was never caught up or capturing everything we needed. Now I'm working 40 hours a week. We have more data than we've ever had. And when I go home, my desk is completely clean."

-Janice Hoffert, Food Service Customer Support

REDUCED CHARGEBACKS AND PENALTIES

Ultimately, Ken's Foods saw a tremendous change in both their culture and their bottom line. Thanks to the improved efficiencies and ability to identify trouble areas in their supply chain, Ken's Foods expects to save hundreds of thousands in chargebacks and penalty fees in the first year alone. All involved parties, from production to delivery, work together seamlessly to not just meet their customer demands but also maintain their reputation as a solid manufacturer and preferred partner. Ken's Foods was even able to identify a recurring chargeback that was in error, which they would have otherwise continued to pay if they weren't managing their shipping and delivery incidents within Elementum.

Don't spend your time fighting the fees and fighting the penalties from your customers. Spend your time just being a better supplier. And that's what Elementum allows us to do."

-Cari Talbot, Senior Director of Supply Chain

Invest in the Future

The Ken's Foods story shows how quickly supply chain organizations can identify systemic problems and address it by focusing on the right tools, right operating cadence, and right team. Your organization as a whole may be resistant or claim they are “too busy” to change. But that is exactly why you need to help them learn a new way of working. Old inefficient technology and processes need to get modernized.

It's time to graduate from Excel spreadsheets and mass Zoom meetings to processes and toolsets that will help to shock-proof your supply chain for the coming months and years. With systems, processes, and people in place, start driving accountability across the entire organization and to outside partners.

Key Takeaways:

- 1** With structured data comes valuable insight into trends that allow you to take preventive measures to reduce recurring customer order delivery issues.
- 2** Based on the analytics and the trends of your initial baseline, develop corrective action plans and measure improvements with a new baseline.
- 3** Meet monthly with executive leadership to review cross-functional KPIs, identify root cause trends, and implement corrective action as necessary with vendors, carriers, suppliers and internal teams.

Now is the time to not just address the challenges facing you today, but also invest in solutions that will put you ahead for whatever tomorrow brings.

About Elementum:

Elementum is the company behind the first supply chain service management platform for the \$25T product economy. In an age where customer expectations demand “now”, yet disruptions-- like stockouts, supplier issues and late shipments-- abound, successful operations need to adapt faster than ever. Elementum's platform centralizes incident collaboration, provides clear accountability of tasks, enables cross-ecosystem execution, and gives supply chain professionals the power to manage and resolve day-to-day operational challenges with confidence and unprecedented speed. Visit www.Elementum.com to learn more.