

"We were able achieve our goal of a 10-15% reduction in freight spend after just six months of live runtime on the system."

Eric Hartman, Senior Director of Logistics
Papa John's



Headquarters: Louisville, KY

Warehouses: 10

Manhattan solutions: Replenishment, Transportation Procurement, Transportation Planning & Execution, Warehouse Management, Supply Chain Intelligence

Papa on the Platform

Hold the Anchovies: Papa John's Pizza Orders "Optimization Supreme" With Manhattan's Supply Chain Process Platform

When you're one of the largest pizza companies in the world, with more than 3,000 restaurants, maintaining efficient, cost-effective operations throughout your supply chain is essential to continued success. Even though growth was on the fast track, Louisville, Kentucky-based Papa John's International, Inc. was still hampered by supply chain inventory, visibility and accuracy challenges that were impacting its businesses.

"We were having to use outside storage for inventory that ended up being written off because its shelf life ran out before we could ship it to the restaurants," says Susan Kinder, director, operations services. "That created a domino effect that caused us to pay too much for everything in the supply chain. But without visibility, we had no way of knowing how those truckload orders were impacting everything else."

The company was also facing what Kinder calls "a perfect storm" of substantial increases in commodity prices, fuel and the minimum wage—three critical elements in the food and restaurant industries. Complicating those challenges were Papa John's ongoing limited-time consumer offers, which require immediate supply chain responses to temporary spikes in demand. Without adequate performance metrics or a system to provide operational guidance, all of these challenges were being addressed manually with spreadsheets, maps and decisions based on personal experience.

"Without the tools to track and optimize supply chain functions, we were leaving money on the table at every turn. We needed a solution to align all the facets of the supply chain in order to reduce inventory levels and eliminate outside storage and inventory write-offs," Kinder explains.

Challenge:

Company growth out-paced supply chain's ability to maintain inventory and supply restaurants efficiently and cost-effectively.

Solution:

Manhattan [Supply Chain Process Platform](#) provided the perfect solution for optimizing all replenishment, inventory and performance operations at Papa John's.

Result:

Improved overall visibility, reduced outside storage costs and inventory levels, improved DC efficiencies and transportation utilization, reduced mileage and labor costs.



Manhattan solutions allow us to manage inventory levels accurately, efficiently and more dynamically based on actual need—and that has resulted in our being able to reduce overall inventory levels.

Eric Hartman, Senior Director of Logistics



Papa John's Chooses a Full Five-Course Package from the Manhattan Menu

After a thorough review of possible sources, Papa John's selected Manhattan Associates and a comprehensive package of its supply chain solutions:

- [Replenishment](#)
- [Transportation Procurement](#)
- [Transportation Planning & Execution](#)
- [Warehouse Management](#)
- [Supply Chain Intelligence](#)

"We have a small IT staff, so we couldn't afford to spend time integrating solutions from several different vendors to achieve our goals," said Kinder. "It was also important to find a best-of-breed partner we could grow and evolve with. That's why we chose Manhattan."

In addition to expertise in planning and procurement and its carrier and fleet management offerings, Manhattan Associates was selected for the seamless integration and coordination made possible by its [Supply Chain Process Platform](#). This creates a central information repository that provides consistent, standardized inventory data and performance metrics that can be shared by Papa John's entire supply chain.



Once the choice of a supply chain solution provider was made, Papa John's planned a phased implementation of the individual solutions:

- 1) First was centralized purchasing/in-bound inventory, addressed by Manhattan's Replenishment and Transportation Procurement solutions.
- 2) Next was warehouse management, optimized by Manhattan's Warehouse Management and Supply Chain Intelligence solutions.
- 3) The final phase was outbound delivery, covered by Manhattan's Transportation Planning & Execution.

By covering the entire supply chain, Papa John's created Whole Chain Awareness™—the full-spectrum perspective made possible by sharing information through Manhattan's Supply Chain Process Platform. The resulting holistic coordination and optimization means that every department is able to respond to actions and decisions made anytime and anywhere else in the chain.



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Susan Kinder, Director, Operations Services



Fresher Ingredients, Better Pizzas... A More Efficient Supply Chain

Implementation of Manhattan's solutions has provided unprecedented visibility along with reduced expenses, improved efficiency and productivity in every part of the supply chain.

Eric Hartman, senior director of logistics, says, "With new visibility, we know when a PO was created and can track a delivery all the way to our QCC, which is invaluable. Manhattan solutions allow us to manage inventory levels accurately, efficiently and more dynamically based on actual need—and that has resulted in our being able to reduce overall inventory levels." He adds, "We were able achieve our goal of a 10-15% reduction in freight spend after just six months of live runtime on the system."



Automated traceability provides the means to address both FDA compliance and improved product quality. This functionality creates real-time data as well as a clear audit trail in the event of persistent delivery or transport issues.

"In one instance we had product that was consistently showing up damaged. We were easily able to determine the source and work with the carrier to determine that loading wasn't properly configured. We came up with a low-cost solution—and that cost was more than offset by having inventory that arrived in good shape and didn't have to be thrown out and replaced," Hartman points out.

Additional benefits of the fully optimized system include:

[Inventory Management, Replenishment](#)

- 15.7% reduction in inventory
- 66% reduction in outside storage costs
- 83% lower inventory write-offs
- ROI <1 year

[Transportation Procurement, Inbound Transportation Planning & Execution](#)

- 10% reduction in freight costs
- ROI <1 year

[Warehouse Management](#)

- 9% increase in pieces loaded/labor hour
- Increased picking efficiency
- Reduced labor costs
- Fewer picking and delivery errors
- Reduced cycle count adjustments and inventory write-offs
- Projected ROI <2.5 years

[Outbound Transportation Planning & Execution](#)

- 25% improvement in cube utilization (at TP&E facilities)
- 11% lower mileage (approx)
- 15% increase in stops/truck (approx)
- 16% increase in tractor fill (approx)
- Projected ROI <3 years



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Susan Kinder, Director, Operations Services



Manhattan Delivers Fresh Solutions In An Ongoing Partnership

During implementation, Papa John's discovered the need for high-density route planning to handle a large number of stops. This is significantly higher than the average carrier and more than the system was originally designed to accommodate. In response, Manhattan developed new, customized algorithms to address this unique business characteristic.

This is typical of the partnership between the two companies. The ongoing, cooperative relationship continues to produce operational improvements and more finely-tuned optimization.



Future plans include the possibility of enhanced supply chain intelligence and adding the Labor Management and Labor Scheduling solutions for workforce performance and schedule optimization.

Susan Kinder characterizes the process by saying, "The more we learn, the more opportunity we discover—and the more data we generate, the more information we want to improve operations even further."

Learn more about Manhattan Associates and our solutions:

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