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Eric Hartman, Senior Director of Logistics
Papa John's



Papa John's delivers fresher, faster with new supply chain solutions

PAPA JOHN'S CHALLENGED WITH LACK OF VISIBILITY AND INCREASING COSTS

Papa John's International, Inc. is the third largest pizza company in the U.S. and one of the largest in the world with more than 3,000 restaurants. PJ Food Service provides one-stop shopping for virtually all the ingredients and supplies used in Papa John's restaurants through its 10 Quality Control Centers.

A major challenge was inventory visibility and accuracy—Papa John's lacked the carrier relationships necessary to gain visibility and to ensure the highest level of quality control. According to Eric Hartman, senior director of logistics, “A DC would place an order over the phone rather than electronically, increasing the potential for error either on our side or on the vendor side. The vendor then selected a carrier, freight was prepaid and we often wouldn't know what carrier was coming. If we had concerns regarding the load, product quality or the temperature during transit, we had to go back to the vendor, who had to go back to the carrier to get that information.” In addition to achieving visibility, Papa John's goal was to reduce manual processes and increase efficiencies to better control costs and increase shareholder value.

MANHATTAN SELECTED BASED ON SUPPLY CHAIN EXPERTISE AND EASE OF INTEGRATION

“Manhattan's expertise in planning and procurement, along with its carrier and fleet management offerings, was what made the decision for us,” said Hartman. Another key reason Papa John's selected Manhattan was for the integration between solutions—Replenishment, Warehouse Management, Transportation and Performance Management. “We didn't have to build interfaces and that's a huge win. We were also impressed with Manhattan's capabilities and ease regarding the customization we needed to support our unique requirements.”

The Papa John's organization understands the power of technology as a means of providing enhanced communication and visibility. “The ability to present a cost-benefit analysis of that enhanced visibility makes it achievable.”



Headquarters: Louisville, Kentucky

Distribution centers: 10

Manhattan solutions:

Transportation Procurement,
Transportation Planning &
Execution, Replenishment,
Warehouse Management

Challenge:

Papa John's challenged with lack of visibility, inventory accuracy issues and increasing costs

Goal:

Increase visibility and accuracy, reduce manual processes and improve efficiencies

Solution:

Manhattan was selected based on expertise in transportation and integration between supply chain solutions

Result:

Increased inventory visibility, ability to manage inventory levels dynamically, reduced costs

PAPA JOHN'S USES A PHASED APPROACH TO IMPLEMENTATION

The transportation and demand planning implementation projects kicked off simultaneously and took about nine months to complete. Hartman explained, "We implemented the Replenishment solution for centralized inventory management. On the transportation side, we've fully implemented our inbound capability and are in the early phases of the outbound project. Later this year, we'll begin implementing Warehouse Management."

For inbound, the majority of Papa John's product comes from U.S. facilities. The limited amount of import product is primarily vendor managed. "Right now, everything we're managing in the system from a collect standpoint is domestic—approximately 4,500 truckloads a year."

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"We did an initial freight bid last year. Our goal was to establish a foundation first with truckload and we'll bid out additional freight this year for LTL and intermodal. Selecting the 12 carriers and the contract preparation process was seamless. We use Manhattan's solution to select carriers based on rating tables from the procurement process. The tools provided in the solution support effective shipper-carrier relationships and network alignment. Manhattan helped us through the procurement process to establish transportation planning and execution functionality." Papa John's has established a solid foundation in its vendor and carrier relationships, providing better visibility and enabling carriers to schedule appointments. EDI will be tied in to further reduce the administrative workload on both vendors and carriers—a win-win for everyone.

"We started with no inbound transportation capability—it simply didn't exist," said Hartman. "The fact that we completed the project within a year speaks volumes about the talent here at

Papa John's—and speaks just as loudly about the capabilities and the ease of use of Manhattan's products. Having the Replenishment and Transportation solutions in place gives us a solid foundation to now pursue the more tactical projects—distribution and audit and payment."

PAPA JOHN'S GAINS END-TO-END VISIBILITY, INCREASES ACCURACY AND REDUCES FREIGHT SPEND

"With new visibility, we know when a PO was created all the way to delivery at our DC—that's invaluable," said Hartman. "Manhattan's Replenishment and Transportation solutions allow us to manage inventory levels accurately and efficiently—it's more dynamic and based on actual need. We can allocate in-transit product to outbound orders even before it arrives at our facility. The improved visibility has also allowed us to reduce the amount of inventory."

Papa John's direct relationships with carriers provide essential data on shipments—such as temperature during transit—often in real time. Once EDI is fully implemented, the data will be available in real time. "From a food security standpoint, the visibility to our product and to our carriers enables us to monitor product temperature while it's in transit, so we can deliver quality product to our restaurants," said Hartman.

A convenient feature of the system is that fuel surcharges are already included in the freight tender to the carrier. The miles are laid out for carriers, including any additional miles that may be required for an added pickup. Stop-off charges and the base rate are included so when the invoice comes in, it's a quick matching process.

According to Hartman, "One of the biggest benefits is the increase in inbound service levels based on our relationships with carriers. We've also seen a reduction in OS&D claims. Because we have visibility to issues as freight comes in, we can work directly with the carrier and the vendor to determine a solution. For example, we have product coming from Green Bay, Wisconsin, that was showing up damaged. Working with the carrier, we determined that loading wasn't properly configured and were able to come up with a low-cost solution—and that cost was more than offset by having inventory that wasn't damaged."

A primary goal for Papa John's in automating transportation procurement was to deliver greater value to the company's shareholders by reducing costs. "We were able to reduce freight spend after just six months of live runtime on the system, achieving our goal of a 10-15% reduction."