



Managing Purchasing for Silver Spoon

A new Purchasing system “exceeds expectations” for Silver Spoon, delivering immediate cost savings through an improvement in efficiency and proactive management of suppliers.

Background

Silver Spoon is the retail brand of British Sugar; a subsidiary of Associated British Foods. Over the past 10 years, Silver Spoon’s ‘product’ has diversified significantly from what we all know as a traditional bag of sugar, to a portfolio including multiple products in each of the following categories: sugars and syrups for cooking, low calorie sugars and sweeteners, ice cream cornets and topping sauces, milkshakes, flour, and cakecraft products for baking and decorating.

This diversification resulted in an ever growing number of suppliers to manage, and Silver Spoon sought a business intelligence system to help them streamline their purchasing processes. The company had used business intelligence (BI) for a number of years, but their business had moved on considerably from when the original system was put in place, and the existing datawarehouse could not support their growing business needs.

They identified “Purchasing” as an area of the business where improving processes and implementing a new BI solution could deliver the greatest value. This was done by drawing up a list of ten areas of which four were explored with key stakeholders in the business to assess potential value in the following categories:

- **Spend:** How big is the spend in this area? What would a 1% improvement mean?
- **Resource:** How manually intensive is the information gathering process?
- **Opportunity cost:** What opportunities are we missing?
- **Hindsight:** Which pitfalls could have been avoided?

Purchasing information was spread out across the company. Bringing it together required a huge amount of effort, taking weeks to do. An improvement in information accessibility in this area therefore had the potential to deliver the greatest value in the shortest timeframe.

Objectives

The primary objective of this project was to provide the Silver Spoon Purchasing team with management information that would enable them to improve their efficiency and proactively manage suppliers, driving down their costs.

Critical success factors to be measured were:

- 1) **Accurate and timely price variance information**
- 2) **Accessible and timely supplier spend information**
- 3) **Increased frequency of tendering for materials and ingredients**
- 4) **Improved information available for budgeting and forecasting**

Solution

The solution implemented by Thorogood is a web based system which allows analysis of all spend carried out by Silver Spoon. Information which was previously inaccessible and spread across the company is now easy to access, fast to analyse and available in one place.

The platform allows Silver Spoon to *“query data and look at things in a joined up fashion”*. For the first time the company is able to realise benefits from the integration of information.

Technology

Data is drawn together from multiple sources using Microsoft SQL Server Integration Services (SSIS) into a SQL Server 2005 relational database and Analysis Services. Users access fixed reports in Reporting Services, and use ProClarity for templated reports and to perform their own ad-hoc analysis. Senior managers across the business use a Reporting Services dashboard, offering very high level metrics which they can drill in to if they see something which needs investigating.

Outcome

The Purchasing team has really embraced the new system, seeing savings realised even within the first month of release.

The overriding benefit is that information is now available in one place and in a timely manner. Reports which were previously taking weeks to compile can now be accessed and acted upon in a matter of seconds.

The Purchasing team is delighted with the benefits that ProClarity has brought. Fast access to information and data has resulted in a renewed confidence. Analysis takes less time and has provided the team with an enhanced view of the impact of changes to data, something which was previously very difficult to obtain.

The critical success factors have all been achieved to great effect:

- 1) **Accurate and timely price variance information:** Previously purchase orders were getting through with prices which hadn't been agreed, suppliers were slipping in price rises and it was very difficult to stop. The Purchasing team is now able to identify these variances early and act accordingly.
- 2) **Accessible and timely supplier spend information:** The Purchasing team is now able to negotiate appropriate volume discounts based on accurate information about how much business they've done with any one supplier. *“Having BI has made it much less work to get the answers we need and allows us to be more informed and effective in negotiations.”*
- 3) **Increased frequency of tendering for materials and ingredients:** Previously taking four weeks to gather information together for a tender, it can now be done at the click of a button. *“The Purchasing team is now able to pull out a huge amount of detail about the category, what they bought, what they paid, and the size and range of the business they are tendering for. Suppliers are then obliged to quote appropriately.”*
- 4) **Improved information available for budgeting and forecasting:** The Purchasing team is now able to combine forecast information with purchase price variance and supplier analysis data to improve their budgeting process and reforecast throughout the year.

Thorogood

An integrated team of on shore and off shore specialist BI consultants was used by Thorogood to execute this project.

Silver Spoon found the Thorogood Technical Architect to be *“technically strong, with a deep understanding of the business concepts, but able to speak in a language that business people were able to understand, translating their requirements into a robust technical solution.”*

*“We have also been extremely impressed by the seamless integration of Thorogood Bangalore consultants into the project team.”*The use of off-shore consultants has proved to be a particularly attractive model for Silver Spoon making it a very cost effective and sustainable option for them.

“The development and implementation of this project was a model of cooperation between Silver Spoon Purchasing, Silver Spoon IT and Thorogood. It was delivered on time, on budget and the final product exceeded our expectations.”

Next Steps

Now that the Purchasing system is in place and providing proven value to the business, plans are underway to tackle the next business area. The purchasing system has been designed with future phases in mind, so the potential exists to increase value exponentially as each new element links up with the previous elements to provide an ever increasing synergy of information across the business.

“Working with Thorogood has been like a partnership. It felt like Thorogood was on our side to help us get the successful outcome that we needed. For this reason we will definitely be coming back to Thorogood for the future phases”.

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