



## Instill provides Sodexho with just the right solutions for their business

By Allison Hearn, *Accuvia Publishing*

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**Sodexho has seen significant improvement to date:**

99.8% of prime products both tracked and mapped.

18% reduction in unique products.

0-25% increase in spec compliance over units not yet implementing Instill's Procurement.

Sodexho, a provider of food and management services to organizations ranging from schools to healthcare establishments, has established a goal of improving the quality of daily life at its 10,000 locations. Among the meeting places at which Sodexho is promoting pleasant environments and smooth interactions is its own restaurant units, where Sodexho has recently undergone a makeover in its procurement processes in an effort to improve working, business and service environments across its supply chain. Bob Schafer, recently appointed as senior director of integrated procurement systems for Sodexho's Procurement and Distribution team, has been chosen as the man to spearhead Sodexho's procurement improvement efforts. His first assignment? To roll out the company's new procurement system.

Sodexho decided to focus on procurement because they wanted to better understand their spend on products. While Sodexho had a custom-designed solution that they had been using with some degree of success, they wanted to more accurately pinpoint what their operators were buying, from whom, and at what prices. The decision to go with Instill, according to Schafer, wasn't a hard one. "We looked for the right combination of technical expertise, leadership that was familiar with our business, and an established track record," concluded Schafer. Instill already had a Web-based solution for e-procurement, a good balance of technicians and engineers to key management with hospitality backgrounds, and a working 'data kitchen' that processes products from many of the distribution sources their customers are already working with.

Schafer understood that a procurement solution is more than just online ordering. Purchase Insight<sup>SM</sup> is the first piece of the Instill solution that Sodexho adopted. The Purchase Insight solution takes all of the company's invoices from all of their broadline distributors and translates the various product codes into standardized, actionable information. After transforming the data, Instill pipes it into Sodexho's database and also reports it in easy-to-understand reports, giving the company the visibility into their product spend it was seeking. Using the reports generated by Purchase Insight, headquarters is able to develop controlled purchasing guidelines based on maximizing negotiated contracts and unit needs. The second step of building out Sodexho's procurement system was incorporating Instill's Procurement<sup>SM</sup> solution to provide a system-wide, integrated ordering system for their units. At the unit level, managers save time with this system by using a single ordering system for all their broadline distributors. And with order guides that are specific to their operations, unit managers order more of Sodexho's preferred products and make fewer rogue purchases.

### **Savings in time, money and food safety**

The benefits of having such a clear vision of units' spending practices provided by Instill's Purchase Insight are readily apparent. Among Sodexho's primary goals was to rationalize the numerous SKUs they purchase to make their supply chain more efficient. Schafer cites an example in which the company was able to reduce SKUs for frozen potatoes in one distribution center from 100 to just 17. This also ties into their compliance process. Changing a specification, doesn't have to be a long and cumbersome process. Schafer notes that they recently changed the specifications on bacon and ham, a process that could have taken months but was accomplished in a matter of weeks with Instill information. Reducing SKUs and streamlining units' order catalogs resulted in a chain reaction of savings and improved business practices. Greater visibility into system-wide spending also allows Sodexho to locate and control price variances from manufacturers and distributors easily. "Believe it or not," says Schafer, "the prices that we believe we've agreed to

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with our manufacturers and distributors are not as consistent as we would like them to be.” Purchase Insight has enabled Sodexho to go back to the manufacturers and distributors and sort out pricing that deviated from contracted rates. “We were looking for a way to better track our supplier community. Now, they know we’re paying attention to pricing, and all in all, it makes for a better up front working relationship.” Additionally, greater visibility into the supply chain helps with contract negotiations manufacturers and distributors benefit from knowing exactly what the units want and are then better able to stock and deliver those items. Another important benefit that Purchase Insight brings to Sodexho is better control over food safety. After converting over to Instill, Schafer notes that the company was surprised to discover that some units were ordering fresh hamburger which could pose a greater safety risk than the specified frozen hamburger. “The ability to zero in and figure out exactly where that fresh hamburger was purchased and exactly which units ordered it is invaluable. We’re able to call the unit and tell them they’re buying the wrong thing, and that goes a long way to helping us increase food safety and reduce the risk of food-borne illness,” says Schafer.

#### **E-purchasing streamlines ordering**

Hand-in-hand with Purchase Insight, Sodexho is using Instill’s Procurement solution. Instill’s Procurement solution allows managers to do all of their food ordering online. Managers are able to choose from a predetermined selection of products and acceptable substitutions, and they can access all of their broadline distributors through one ordering system. With the e-procurement tool, Sodexho is able to enforce the order catalogs they have established for the operators, along with acceptable substitutions, and contracted pricing. Says Schafer, “We wanted to keep a tighter reign on our food quality levels. And we are giving our unit operators a tool to use for multiple distribution centers, including their prime, backup and secondary.” He adds that having the same system throughout the country eliminates the need for managers to learn new systems if they transfer units. In addition, says Schafer, “Many of the distribution centers have cut more than 50 percent of the number of products available in the order guides, since we began using the Instill tool.”

#### **Bringing it all together**

One of the most important things in implementing a system-wide solution, he says, is support from company officers. For Sodexho, a company that includes in its core values a commitment to innovation, improvement and anticipating client and customer needs, the support of upper level management is not an issue, and the top managers from Sodexho and Instill meet on a monthly basis to discuss the programs successes and opportunities for improvement. Additionally, clear communication of goals and expectations is driving continued success at Sodexho. When rolling out the procurement system to individual units, the Sodexho/Instill team goes out to the field in two waves, explains Schafer. “The first wave is for information sharing and communication of the big picture and goals of the organization. Four to six week later, the second wave is sent out, and employees are given hands-on training with the Instill tools.” Sodexho has also put additional tools, such as online training and computer labs, in place for managers to more thoroughly understand the program.

#### **Continuing Progress**

Now that Instill’s Purchase Insight system is providing reporting for all of Sodexho’s units and 2300 of those units are placing their orders over Instill’s Procurement system, Schafer is fine-tuning the process. Sodexho continues to strive toward improved performance through technology. Moving into the future, Sodexho is evaluating integrating Instill’s data into its back office systems, is looking at the new Receiving module as a possible time saver for unit managers, and exploring the Order Guide Manager module that is part of their current solution. Separately, Sodexho is in the final stages of choosing a food management system that will cover the menu planning and production side of the process.

#### **The impact of the new solutions:**

Improved quality and compliance levels, a reduction of the number of products in the distribution centers, reduced price variance, and time savings. Schafer is happy with progress they’ve made thus far. “Instill has been very flexible and receptive. Their combination of food and beverage expertise and knowledge of programming and data is outstanding.”



777 Mariners Island Blvd., Suite 400  
San Mateo, CA 94404  
Tel: 650 645 2600  
Fax: 650 645 2601  
www.instill.com