

FS/TEC AWARD FOR PROJECT EXCELLENCE: CHURCH'S CHICKEN



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– Alan Stukalsky, CIO

The Nations’ Restaurant News FS/TEC Technology Award for Project Excellence has been awarded to Church’s Chicken

This honor is the outcome of Church’s Chicken demonstrated improvement of supply chain processes, purchasing automation and successful integration of logistics management systems with those of distributor partners -- all enabled via the ArrowStream OnDemand solution.

Church’s is a leading fast food chain based in Atlanta, GA with more than 1,600 restaurants across North America and abroad. To effectively capture share of increasing consumer demand, Church’s plans to expand its menu and its presence by growing the chain by almost a thousand new restaurants by 2010.

Efficiency Gains and Significant ROI within One Year

Church’s recognized that its purchasing processes were time-consuming for restaurant management and also did not provide the visibility across the supply chain required to support their growth objectives. To support aggressive growth objectives, Church’s needed better supply chain management, and specifically, improved purchasing processes to gain time savings and efficiencies at the restaurants.

Alan Stukalsky, CIO of Church’s, chose ArrowStream OnDemand to improve supply chain processes, automate purchasing and integrate Church’s back office systems with those of its distributors. Stukalsky embraced software as a service because he recognized that building software was not Church’s core competency, and that ArrowStream could deliver a solution that integrated with the supply chain quickly and cost-effectively and based on industry best practices. The system delivered benefits of time savings without the upfront investment in hardware and software required by other application providers.

Church’s received the award based upon project results that include:

- Achievement of 200% ROI within the first year
- 500 manhours savings per week resulting in annual labor cost savings of \$327,000
- Reduction on invoice issues from reconciling 75-100 invoices a week initially, down to 3-5 a week with ArrowStream, which equates to about \$1000/week or \$52,000 a year in time savings
- Additional gains for Church’s included:
 - Food cost reporting accuracy – decreased receipt/invoice errors from 99% to 0%
 - Improved efficiency resulting in consumer satisfaction
 - Exception based catalog management and receiving processes
 - Fast start up and integration with distributor systems in 6 weeks
 - Automation of purchasing/receiving processes with low total cost of ownership
 - Ability to scale the application to support growth objectives

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Implementation of ArrowStream OnDemand and the Restaurant Automation Module

October 2004	January 2008	April 2008
Church's chooses ArrowStream OnDemand and Logistics for contract management, spend analysis, price variance analysis, inventory management, promotion management and compliance management.	Church's begins ArrowStream OnDemand Restaurant Automation Module.	Rollout of Restaurant Automation Module complete.

The implementation was done across 20 distribution centers and 1,200 stores who receive two shipments/week. ArrowStream OnDemand collects all invoices and inventory positions for all company-owned and franchised stores.

ArrowStream OnDemand enabled Church's to reduce total weekly manhours to cut costs, improve service and build franchisee and consumer satisfaction.

Prior to implementing ArrowStream OnDemand Restaurant Automation Module, managers at Church's stores were spending about an hour and a half a week processing invoices for their two distribution deliveries each week. With the new automated system, it now takes the average manager five minutes to enter each invoice. Since the process is also easier, restaurant management and owners are more satisfied with the quality of the chain and therefore more likely to be successful franchise partners.

Church's implementation of ArrowStream OnDemand was unique for several reasons:

- 1) It offered complete visibility of supply chain information from the supplier to the backdoor of the store and includes logistics information.
- 2) It synchronized Church's distributors' data with Church's information. Because the ArrowStream system already integrates distributor data with its other chain operator customers, ArrowStream was able to quickly start up the system fully synchronized with Church's distributors.
- 3) With other systems Church's would have to handle interface setup themselves, requiring costly resources Church's did not have. By keeping head count and infrastructure investment low, Church's can direct its revenue to channels that deliver more value to its consumers resulting in greater competitive advantage.

“Being named as a recipient of the FS/TEC 2009 Project Excellence Award is a tremendous honor at a time when we are all being tested. In this tough economy, chain operators are faced with the dual challenge of delivering value and service while facing increased pressure to achieve rapid return on the technology investment. Church's was able to meet the cost and value challenge while garnering 200% ROI in the first year and cutting manhours with ArrowStream OnDemand.” said Alan Stukalsky, CIO of Church's.

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