

Getting Control of Indirect Procurement

Chris Harper | Central Garden & Pet

Agenda

- Introduction to CENTRAL
- Presenter Profile
- Indirect Procurement - Business Need
- Project Scope & Objectives
- Budgets & Internal Orders
- Purchase Requisitions
- Approval Levels & Notifications
- Keys to Success
- Why Winshuttle as a tool to address this need?
- What's Next
- Conclusion & Q&A

Introduction to CENTRAL Garden & Pet

A leading innovator, marketer and producer of premium brands in the Garden and Pet categories (NASDAQ CENT & CENTA)

Garden Industry

- 70%+ of sales through major lawn & garden retailers
- Concentrated domestic mfg base
- Projected annual growth rate in low single digits
- Seasonal – 2/3 to ¾ of sales occur in first half of calendar year

Pet Industry

- 25%+ of sales through major pet retailers
- Other major channels include mass market & 6800 independent retail stores
- Diverse global mfg base (1400+ companies)
- Projected annual industry growth rate mid-single digits

Central 2015 Sales of 750+M



Central 2015 Sales of 850+M



Presenter - Chris Harper, Senior Director - Enterprise Solution Management



- Prior to Central, spent 10 years at Accenture as an SAP Consultant
- Been at Central 10 years leading SAP and Enterprise Applications
- Currently manage SAP/Enterprise Systems, Analytics, Master Data, and Process Owner teams
- Overall goal of simplifying the application portfolio at Central while focusing on strengthening processes, training, data, and analytics.

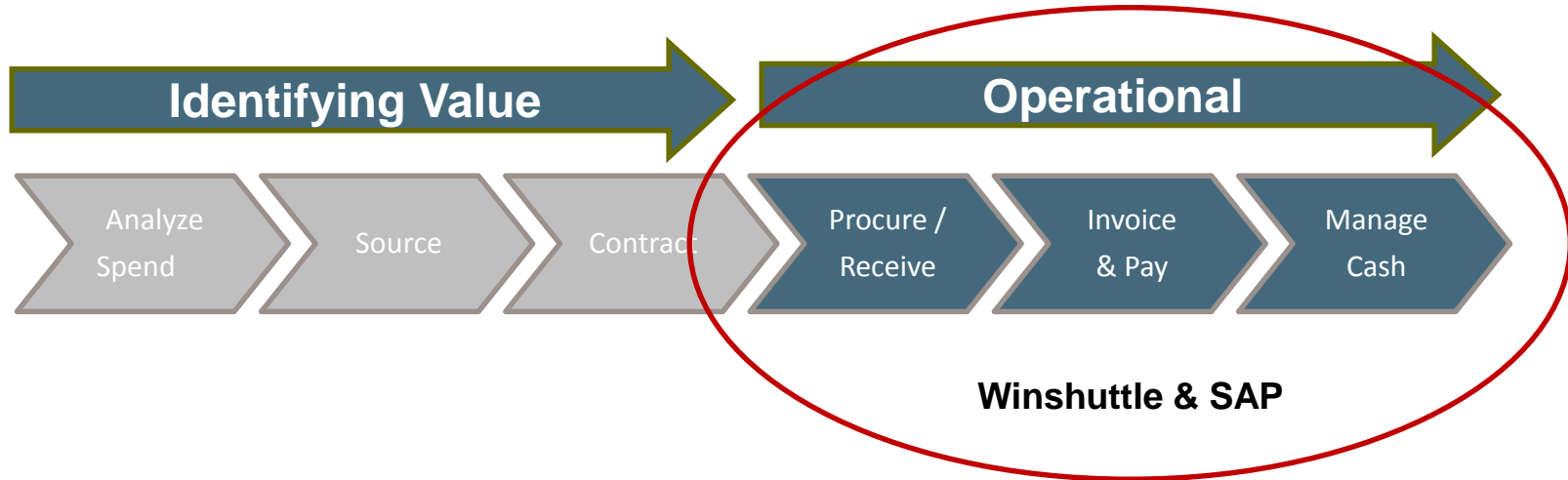
Indirect Procurement Business Need?

Central was looking to improve it's business processes and related tools around Indirect Procurement. This includes requesting, coding, approving, and ultimately paying for the goods and service. Organizational impacts due to current manual and inconsistent processes include:

- Lack of up-front controls can lead to over spending
- No systematic tie between approvals and ultimate spend
- Lack of visibility of budgeting and ultimate cost commitment
- Accounts Payable team has labor intensive processes to track down invoice approval for payment. (i.e. can this invoice be paid or not??)
- Financial accruals at month-end may be over-looked in the absence of Purchase Orders
- Audit inconsistencies with manual and differing procedures across company

Project Scope & Objectives

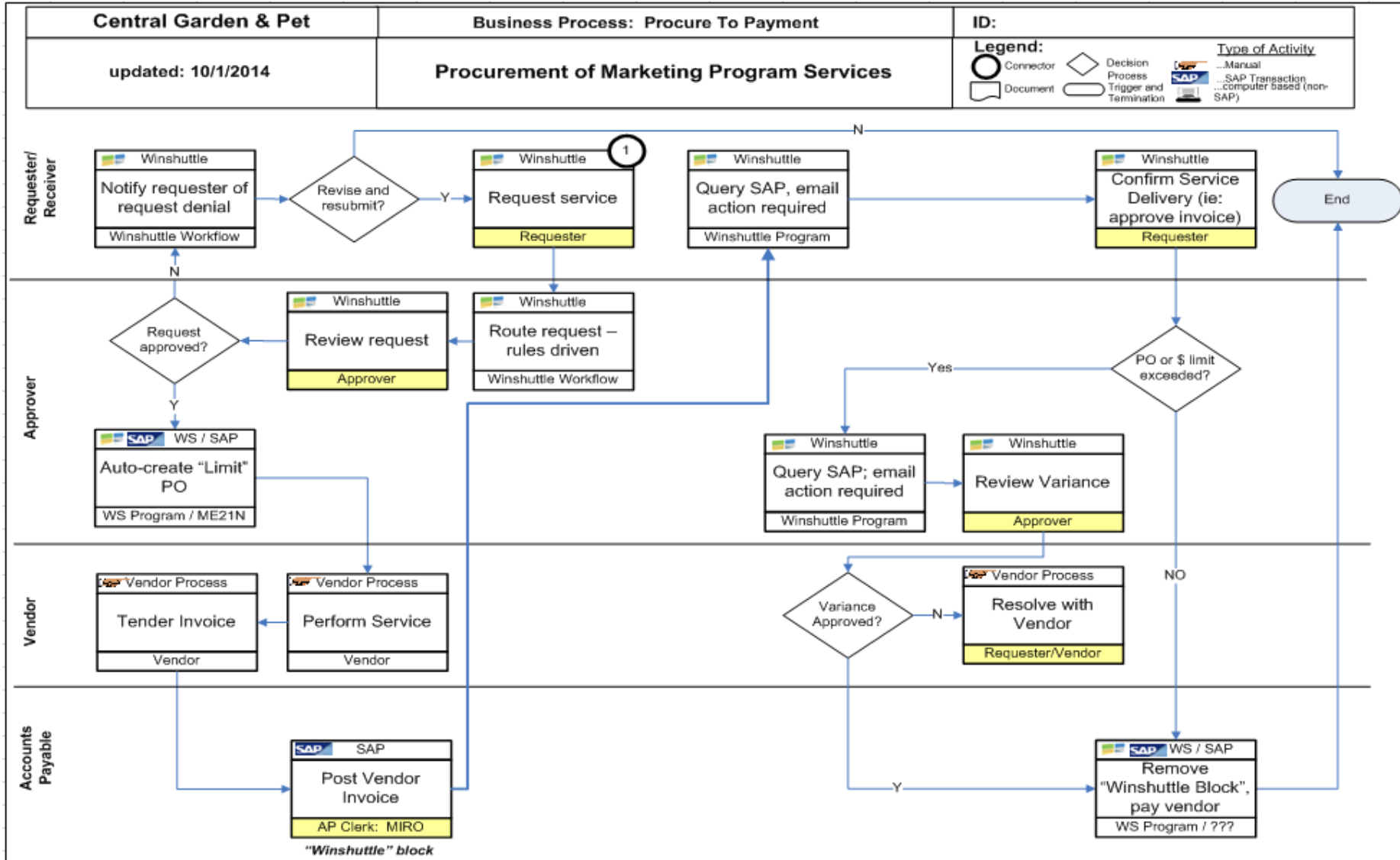
Approved project to focus on the 'Operational' components of the purchasing lifecycle. Winshuttle was chosen to work in conjunction with SAP to help streamline the key steps



Objectives

- To implement approval controls that align with the Signature Authorization Policy
- To utilize a common process for indirect procurement
- To streamline invoice approval for payment
- To implement a tool that is cost effective, **simple**, and easy to understand
- To implement a tool that controls management over-sight and provides budget transparency
- To implement better budgetary control over indirect spend for cost committed not yet invoiced
- To improve reporting & month-end financial accruals

Solution Overview



Budgets / Internal Orders

Budget Approval / Internal Order in Winshuttle



Internal Order

Date: Tuesday, November 10, 2015
Originator: Josephine Spence

v0.02

Originator View

Strategic Emphasis (Check all that apply)

<input type="checkbox"/> Television Advertising	<input type="checkbox"/> Event Marketing	<input type="checkbox"/> Distribution/Transportation	<input type="checkbox"/> Store Resets
<input type="checkbox"/> Print Advertising	<input type="checkbox"/> Trade Shows	<input type="checkbox"/> Litigation	<input type="checkbox"/> Buyback/Returns
<input type="checkbox"/> Meetings	<input type="checkbox"/> Information Systems	<input type="checkbox"/> Consulting	<input type="checkbox"/> Donations/Contributions
<input type="checkbox"/> Research and Development	<input type="checkbox"/> Other: _____		

Show Strategic Emphasis

General Data

Requester:

Company Code:

Header Description:

Project Details:

Budgeted Amount: USD

Attachments (Maximum of 5)

Browse...



- Internal Orders are used to request budget approval
- Captures strategic emphasis (i.e. TV Advertising) and area of business requesting
- Can attach supporting documentation for approvers to see (i.e. Vendor Proposals)
- Request is routed for approval depending on amount of spend

Winshuttle Approved Internal Order

Internal Order

IO00000006

40000003

Post Process View

Date: Thursday, June 11, 2015

Originator: Pauline Nguyen

v0.02

Strategic Emphasis

Television Advertising	<input type="checkbox"/>	Event Marketing	<input type="checkbox"/>	Distribution/Transportation	<input type="checkbox"/>	Store Resets	<input type="checkbox"/>
Print Advertising	<input type="checkbox"/>	Trade Shows	<input type="checkbox"/>	Litigation	<input type="checkbox"/>	Buyback/Returns	<input type="checkbox"/>
Meetings	<input type="checkbox"/>	Information Systems	<input type="checkbox"/>	Consulting	<input type="checkbox"/>	Donations/Contributions	<input type="checkbox"/>
Research and Development	<input checked="" type="checkbox"/>	Other: Retail	<input checked="" type="checkbox"/>				

Log Field: No message is returned from SAP

Show Strategic Emphasis

General Data

SAP Internal Order: SAP Message: S Order was created with number 000040000003

Requester: Company Code:

Budgeted Amount: USD Responsible Cost Center:

Business Unit:

Header Description:

Project Details: Market research to monitor the build in brand presence, equity and purchase within a category over time. Research will be broken into two waves: 1) Pre season, before advertising and 2) In Season, during/after advertising.
Total FY15: \$65K
Remaining FY15 Spend: \$32,500

Attachments

[OAR 15-0408 - Grass Seed - 2015 Grass Seed Tracker.pdf](#)

Process: Internal Order - IO00000006

Assignee	Task Name	Assigned Date	Completion Date	Status	Comments
Dan Hoeller	50k Approval	6/11/2015 10:52:30 AM	6/23/2015 2:07:29 PM	Approved	
Alex Wright	50k Approval	6/11/2015 10:52:30 AM	6/18/2015 6:36:30 AM	Approved	
Pauline Nguyen	5k Approval	6/11/2015 10:42:54 AM	6/11/2015 10:52:30 AM	Approved	
Pauline Nguyen	Start	6/11/2015 10:41:07 AM	6/11/2015 10:41:07 AM	Completed	

SAP Internal Order Created via Interface from Winshuttle

Display Internal Order: Master data

Settlement Rule

Order: 40000003 Order type: ZOAR Operating Authori...

Description: 2015 Brand Health Tracker- In Season

Assignments Control data General data

Assignments

Company Code	0020	Central Garden and Pet
Object Class	Overhead	
Responsible CCtr	2300100320	Grass Seed BU - Marketing
External order no.	I000000006	

Order: 40000003 Order type: ZOAR Operating Authori...

Description: 2015 Brand Health Tracker- In Season

Assignments Control data General data

General data

Applicant	pnguyen	Department	BU_GRASS
Person responsible	pnguyen		
Telephone			
Estimated costs	32,500.00	USD	

Purchase Requisitions

Indirect Purchase Requisition in Winshuttle



Purchase Requisition

Originator View

Date: Tuesday, November 10, 2015

Originator: Josephine Spence

v0.05

General Header Data

Requester: Expense with Internal Order

Company Code: Expense with Cost Center

Responsible Buyer: **Apply to all lines**

Vendor: G/L Account:

Payment Terms: Cost Center:

Currency: Internal Order:

Header Text

Special Information for Vendor Internal Buyer Notes Internal Accounting Notes

Item Overview

Show/Hide All Details

Select	Show Details	Line	Description of Material/Service	Quantity	Order UoM	Delivery/Performance Date	Net Price	Per Price Unit	Total	Material Group	Plant
<input type="checkbox"/>	<input checked="" type="checkbox"/>	10		1.00	EA	11/17/2015	1.00	1	\$1.00		

Cost Center: G/L Account: Delivery/ Performance Address

Internal Order:

Supplemental Item Description:

Total Value: USD

- Purchase Requisition is an initial request to spend funds
- Can be tied to an approved internal order / budget or can just go directly to a cost center
- Real-time check from Winshuttle to SAP to make sure request does not exceed budget
- Request is routed for approval depending on amount of spend

Purchase Requisition Approved in Winshuttle



Purchase Requisition

Date: Friday, June 19, 2015

PR00000002

Originator: Lauren McGlynn

Post Process View

v0.05

General Header Data

SAP PO Number: **4500405975**

SAP Message(s)

Standard PO created under the number 4500405975

Requester: lmcglynn
 Company Code: **0020** Central Garden and Pet
 Responsible Buyer: **606** Lauren McGlynn
 Vendor: **0001508747** TARGET RESPONSE GROUP
 Payment Terms: **ZN30** NET 30 DAYS
 Currency: **USD**

Header Text

Special Information for Vendor Internal Buyer Notes Internal Accounting Notes

Item Overview

Show/Hide All Details

Show Details	Line	Description of Material/Service	Quantity	Order UoM	Delivery/Performance Date	Net Price	Per Price Unit	Total	Material Group	Plant
<input type="checkbox"/>	10	Giveaway Item for Controls Caucus	100.00	EA	6/26/2015	\$8.80	1	\$880.00	1MRKADV	GA09
<input type="checkbox"/>	20	Shipping Costs	1.00	EA	6/26/2015	\$100.00	1	\$100.00	1MRKADV	GA09

Total Value: **\$980.00** USD

Process: Purchase Requisition - PR00000002

Assignee	Task Name	Assigned Date	Completion Date	Status	Comments
Ashley Pierce	5k Approval	6/22/2015 9:22:54 AM	6/22/2015 9:31:02 AM	Approved	
Lauren McGlynn	Start	6/22/2015 9:19:19 AM	6/22/2015 9:19:19 AM	Completed	

SAP Purchase Req. Created via Interface from Winshuttle

Standard PO 4500405975 Created by Winshuttle SAP Service Ac

Document Overview On | Print Preview | Messages | Personal Setting

Standard PO: 4500405975 Vendor: 1508747 TARGET RESPONSE GR... Doc. date: 06/22/2015

Delivery/Invoice | Conditions | Texts | Address | Communication | Partners | Additional Data | Org. Data | Status | Customer Data

Purch. Org.: 2001 Central G&P (MRO)
 Purch. Group: 606 Lauren McGlynn
 Company Code: 0020 Central Garden and Pet

S...	Itm	A	I	Material	Short Text	PO Quantity	O...	C	Deliv. Date	Net Price	Curr...	Per	O...	Matl Group	Plnt	Stor. Location	B
	10	K			Giveaway Item for Contr...	100	EA	D	06/26/2015	8.80	USD	1	EA	1MARKET A...	GARDEN CORPOR...		
	20	K			Shipping Costs	1	EA	D	06/26/2015	100.00	USD	1	EA	1MARKET A...	GARDEN CORPOR...		

Item: [10] Giveaway Item for Controls Caucus

Material Data | Quantities/Weights | Delivery Schedule | Delivery | Invoice | Conditions | Costing | CGP Data | Account Assignment | Purchase Order History

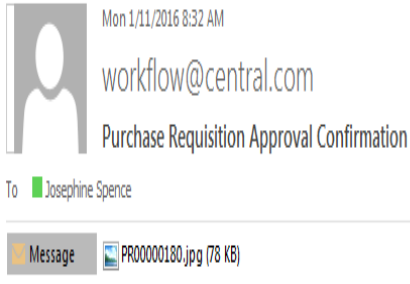
Sh...	MvT	Material	Doc...	Item	Posting Date	Σ	Quantity	Delivery cost quantity	OUn	Σ	Amount in LC	L.cur	Σ	Qty in OPUn	DelCostQty (OPUn)	Or...	Σ
GR	101	5003593406	1	07/30/2015		100	0	EA			880.00	USD		100	0	EA	
Tr./Ev. Goods receipt							100		EA		880.00	USD		100		EA	
IR-L		5106039685	1	09/08/2015		100	0	EA			929.17	USD		100	0	EA	
Tr./Ev. Invoice receipt							100		EA		929.17	USD		100		EA	

Approval Levels and Notifications

0 – 5K	Analysts / Senior Analyst
5K – 50K	Managers
50K – 100K	Directors
100K – 250K	Controllers
250K – 500K	Vice Presidents
500K – 750K	Senior Vice Presidents
750K – 1M	COO
1M+	CEO



- 8 Dynamic Levels of Approval
- Can Have Multiple Approvers per Level



- Requester Gets Approval / Rejection Email Notification
- Requester Also Notified if Request Will Exceed Approved Budget

This email confirms that your Purchase Requisition, PRO0000180, has been approved and entered into SAP as Purchase Order 4500426144.

Key Project Success Factors

- Commitment to Success
 - Executive Sponsorship
 - Internal Project Team Expertise
 - Commitment from Business Community
- Identification and use of Key Users
- Continuous Training and Facilitating between Marketing and Accounts Payable
- End User Adoption
 - Form Ease of Use and Ensuring Proper Data
- Configurable Management's Expertise
 - SAP, SharePoint, SQL, Winshuttle, Process Improvement
 - Implementation Methodology and Proprietary Tools
 - Resulted in Very Good Internal Requirements Gathering
- **Current Production Metrics: 60+ Internal Orders & 250+ Purchase Reqs.**

Why Winshuttle?

- Ease of Integration with SAP and easy to use Workflow
- Low cost implementation compared to other products
 - Three business cases in four years; none approved due to cost/ROI
 - Rapid deployment
- CENTRAL had pre-existing knowledge with Winshuttle products
 - Winshuttle Transaction, Runner, Query
- CENTRAL had piloted a HR forms project with Winshuttle
 - New forms and approval workflows for personnel / benefit changes
 - Automated all HR manual tasks; very well received
- Business relationship with Configurable Management allowed for a proper vetting of Winshuttle versus other form/workflow tools. Strong partnership led to a trusted recommendation and ultimate implementation

What's Next?

- Continuous Support for our PILOT business units.
- Enhance our Winshuttle products to accommodate new features requested by our business units.
- Rolling out our Winshuttle products to more Business Units with the goal of having entire company on Indirect procurement solution
- Possible upgrade from Winshuttle Designer to Composer.
- Possible expansion of Winshuttle tool to other processes outside of Indirect Procurement.
 - Likely next candidates are supply chain operations (i.e. plants, DCs)



Thank you!

Appendix

Central's Winshuttle/SAP System Landscape

