



ACH Food Companies: Transforming from a Commercial to a Consumer-Branded Business

Famous food brands from ACH Food Companies Inc. – like Mazola, Spice Islands, and Durkee – are in nearly every pantry in America, yet have you heard of this company? That's because, historically, ACH Food Companies served the commercial side of the food industry. Transforming itself into a consumer-branded business required an **integrated suite of applications from SAP.**

Executive overview

Company

ACH Food Companies Inc.

Headquarters

Cordova, Tennessee

Industry

Consumer products – food

Products and Services

Manufacturer of food products, including cooking oils, corn starch, and spices

Employees

1,000

Revenue

US\$1 billion

Web Site

www.achfoods.com

Partner

Deloitte Consulting LLP

BUSINESS TRANSFORMATION

The company's top objectives:

- Transition from commercial-focused firm to consumer-branded business
- Support acquisitions-based strategic growth plan
- Significantly improve business processes, including forecasting, planning, profitability analysis, and new-product development

The resolution:

- Replaced legacy system with an integrated suite of highly dependable applications
- Performed a customer valuation assessment with SAP to set performance targets
- Initiated a dual-wave implementation of SAP® Business Suite software

The key benefits:

- Improved information consistency with one source of the truth
- Increased speed and flexibility in assimilating acquisitions
- Enhanced or added new processes, such as customer and product profitability analysis

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TOP BENEFITS ACHIEVED

20%

Reduction in finished goods inventory

75%

Less time for internal new-product initiation

25%

Reduction of close process, from 8 days to 6

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“The future support for our legacy software was in doubt, and we didn’t want to bet on futures. In SAP, we found a stable, mature product that made our future course clear and certain to us.”

Donnie Steward, Chief Information Officer, ACH Food Companies Inc.

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Choosing the way forward

If you have names like Mazola, Argo, Spice Islands, and Durkee sitting in your pantry, then you should also know the name of the leading midmarket manufacturer of consumer-branded products who brought them to you – ACH Food Companies Inc. – but you probably don't. "We like to say we're the company nobody's heard about," says Donnie Steward, the quiet company's CIO, "but most pantries are filled with our products."

There is a good reason you may not have heard of ACH Food Companies, even though its products are so familiar to us all. Today, ACH Food Companies is an American subsidiary of Associated British Foods. Historically, however – especially from 1952 to 1995, when ACH Food Companies was part of the Kraft Foods/Anderson Clayton spin-off – it served the commercial side of the food industry almost exclusively.

Over time, ACH Food Companies evolved a legacy system to support its commercial business. "By 2006, our application landscape was filled with point-to-point interfaces and a hodgepodge of poorly integrated applications," explains Steward. "We were in high-acquisition mode. But bringing in an acquisition and integrating it into our landscape was extremely difficult."

Its legacy system was preventing ACH Food Companies from achieving its growth objectives and becoming the consumer-branded company it wanted to be – an organization centered on process orientation and continuous improvement.

"We no longer wanted to live in functional silos. We needed one source of truth. Those factors led us to start the search for a new platform to support our consumer-branded business goals."

Donnie Steward, Chief Information Officer, ACH Food Companies Inc.



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Starting over without starting over

That important search led to SAP. “The future support for our legacy software was in doubt, and we didn’t want to bet on futures. In SAP, we found a stable, mature product that made our future course clear and certain to us,” says Steward.

Because SAP applications are integrated, the software enforces one set of master and transactional data. “The ability to enable application integration across all modules was the kind of consumer-branded process support we were seeking,” says Steward. “In addition, the software offered something else we were lacking, and that’s process orientation. We needed it to help force the breakdown of the functional silos that had taken hold.”

ACH Food Companies was also attracted to the industry-specific enterprise resource planning (ERP) software for consumer food products that SAP had developed with Deloitte, ACH Food Companies’ longtime implementation partner. “We felt that this solution, based on best practices for our industry, would allow us to hit the ground running and shorten the blueprint phase,” observes Steward.

By 2007, Steward knew that to grow in the consumer market, ACH Food Companies had to move to an integrated suite of applications – and fast. A dual-wave implementation began shortly thereafter, starting with the SAP ERP application and followed by the SAP Manufacturing solution, SAP Product Lifecycle Management and SAP Recipe Management applications, and the SAP Advanced Planning & Optimization component.

“We evaluated a number of vendors and their applications and determined that SAP was the best fit, with its long history of support for our industry.”

Donnie Steward, Chief Information Officer, ACH Food Companies Inc.



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Targeting the benefits of business transformation

The “Wave 1” implementation of SAP ERP was completed in 2008. “That year we divested our commercial business completely to become solely a consumer-branded firm,” says Steward. “The implementation of SAP ERP made that divestiture very smooth and simple for us.”

The “Wave 2” implementation was achieved in 2011. Both implementations benefited from the customer valuation assessment, which defined clear improvement targets. “We knew where we were going,” says

Steward. As a result, ACH Food Companies is benefiting from a growing list of tangible and intangible business benefits. “We achieved a 20% reduction in our finished goods inventory,” reports Steward. “We’ve shortened our new-product initiation throughout all internal business processes and supporting systems from eight weeks to just two. And we’ve identified numerous operational efficiencies that we achieved through Wave 1, and more that we expect to achieve as Wave 2 is fully completed.”

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Continuing improvement to spice up the future

The value management approach ACH Food Companies followed, including benchmarking and the value assessment, is rewarding the company, today and tomorrow. “With our SAP implementations,” says Steward, “we’ve set the stage in terms of the future and where we want this company to be. For example, we’re looking at one set of numbers – one version of truth. We have a common terminology across the business and have issued our first set of company-wide cross-functional KPIs. We have visibility of total inventory across the organization, and for the first time, we have customer and product profitability analysis and reporting. In the past, when we had to get to those numbers and analyses, it took an extraordinary amount of time.” Steward concludes, “These are just a few of the things we’ve achieved already, and they set the foundation for what we will achieve tomorrow, including plans we have for budgeting, forecasting, and transportation.”

