

BLUEPRINT FOR FORMULA PRICING

How KraftHeinz Ingredients eliminated manual commodity pricing processes to drive strategic analysis.

by Caitlin Orosz

How much time could you save if you didn't have to consolidate commodity prices from multiple sources every month or every week? For Kraft Heinz Ingredients (KHI), the answer is a LOT. This dream

of time savings became a reality with an automated formula pricing tool from Blacksmith Applications.

TIME TO CALCULATE

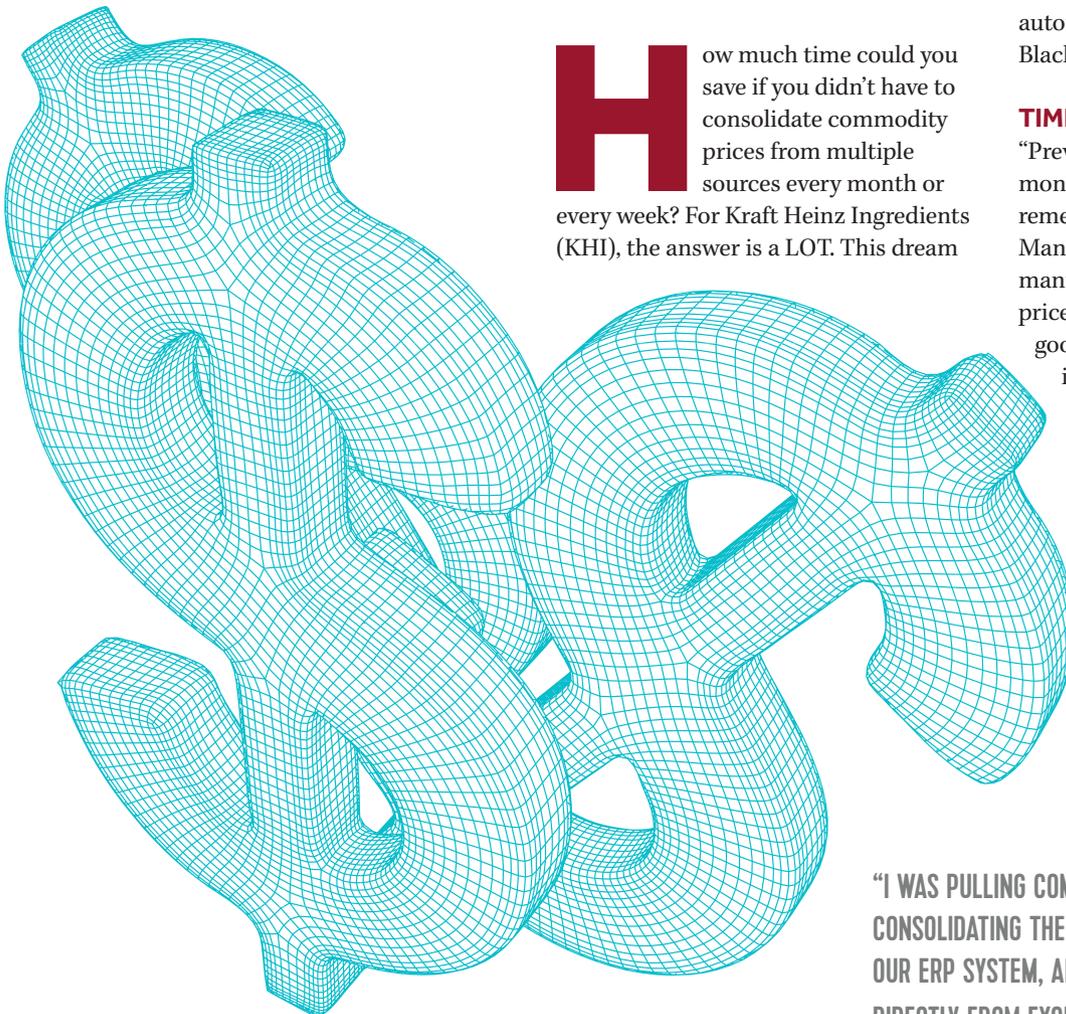
"Previously, we performed all of our monthly pricing processes in Excel," remembers Matt Kubeck, Finance Manager at KHI. Every month, Kubeck manually consolidated commodity prices, calculated updated finished good prices, uploaded those prices into SAP, and then sent letters to customers and reps. "I was pulling

KraftHeinz
INGREDIENTS

commodity prices from four sources, consolidating the data, ensuring it was loaded in our ERP system, and generating customer letters directly from Excel" Kubeck says, "it was a lot of manual work."

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— MATT KUBECK, KHI, FINANCE MANAGER





SAY GOODBYE TO TEDIOUS EXCEL FILES!

Blacksmith's TPM pulls daily data feeds from the USDA, New York Board of Trade, and Chicago Mercantile Exchange to source commodity values.

As the TPM user, you can determine the sample size you want to look at for the commodity to establish the price.

The application automatically updates formula-based contracts.

The pricing is updated on a user-driven schedule (daily, weekly, monthly) for each contract while considering factors such as yield loss, packaging, transportation, and SG&A.



If you want to know more about formula pricing functionality, shoot us an email to hello@blacksmithapplications.com. Subject line: Formula Pricing.

With the Excel approach, "there was a lot of manual updating and time commitment," says Kubeck. And, remember, once new prices are calculated, you must repeat that very manual process. For some companies, the updates are weekly or monthly. For the unlucky few, daily.

TIME TO ENHANCE

"Ultimately, we needed a new process that reduced the amount of time spent

each month" says Kubeck, "Our goal was to allow more time to be spent focusing on strategic analysis to drive business." KHI has been a strong proponent of automation over the years. In collaboration with their TPM partner, Blacksmith Applications, the formula pricing automation initiative took flight.

Meghan Hoover, Blacksmith's project manager, onboarded the module with KHI and says, "Matt and the KHI team

were very engaged in finding a solution. We had regular communication, which made this a real success." Kubeck notes that there weren't any major concerns with implementing the Formula Pricing module since they were already using the Fixed Pricing functionality. Blacksmith's TPM Formula Pricing module automatically retrieves the commodity prices from designated commodity sources. From there, in the Formula Pricing module, the user will create the program and select the schedule for how often the program should price (i.e. weekly, monthly, quarterly, etc.). Next, the user builds the formula calculation based on the specific commodities and weighting set for a specific item. Once the program is approved, the pricing will interface to the client's ERP. Based on the schedule, the program will reprice automatically with the updated commodity data.

"Now on a monthly basis, I verify commodity information is accurate in Blacksmith, and let the calculations run," says Kubeck. Since the Formula Pricing programs interface with SAP, "there's no manual uploading."

The team says this automation has saved them over a whole days' worth of work every month. "With the time savings, I am able to focus more on business strategy and other areas," Kubeck reports.

TIME TO REVIEW

The Kraft Heinz Ingredients division has been very happy with the addition of automated Formula Pricing to their TPM functionality. After all, having more time back in your workday is invaluable. "Obviously, I would recommend this to any manufacturer who deals in commodity pricing," Kubeck declares. 🔥