



Risk Mitigation Leads to Unexpected Benefits



Chick-fil-A looks to HAVI for a quick resolution to mitigate risk in supply and gains unexpected savings and improved network efficiencies

Challenge

Supplier failures can have a far-reaching impact on a business when quality disruptions occur. Not only is a quality incident costly in terms of interrupted production and lost sales, an erosion of trust also comes into play.



Chick-fil-A recently experienced such a quality issue with a direct-store delivery of defective buns. The defect was detected at the store level when the buns began to emit an ammonia-like smell so strong that employees had to take breaks from working with them. The issue was immediately escalated to Chick-fil-A's procurement team who learned the faulty buns came from a large bun supplier.

The root cause was soon tracked to a defective yeast shipment that fed into seven separate bun manufacturing sites, making it difficult for the bun supplier to trace and recall affected material. This led to an immediate search for an alternative solution for reducing the risk of any future quality disruptions.

Understanding that this quality disruption involved both a reputational and health risk, the HAVI team immediately went into action.

"The fact that HAVI was able to deliver a resolution in just one week for a major quality disruption was extremely impressive. HAVI used its data and analytics expertise to produce a plan that also reduced our costs and increased our service levels significantly."

Mike Ledford , Director, Supply Chain Sourcing,
Program Management and Inventory
Management for Chick-fil-A





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Solution

To minimize overall supply risks, Chick-fil-A expedited approval of a new bun supplier in hopes of immediately reducing the impact of the quality disruption. However, without transparency into the new supplier's service levels or network, the team quickly realized this was only a short-term solution that might also carry risks. What they needed was a long-term strategy that would provide the agility necessary to proactively manage future supply chain performance.

The Chick-fil-A team turned to HAVI, asking for a plan that would address current supply challenges in a sustainable way without significantly impacting current service levels or costs.

HAVI's in-depth expertise in foodservice and supply chain analytics combined with a solid long-term

relationship with Chick-fil-A set the stage for the best possible resolution in an extremely short timeframe.

A solution was presented that would accomplish three objectives for Chick-fil-A: reduction of risk, increased service levels and reduced costs.

- Within one week, a risk mitigation plan outlined the approach to decrease the current supply risk.
- Conducted a comprehensive supply chain optimization network analysis to assess the service distance in choosing new bun suppliers, resulting in a plan to minimizing delivery distance.
- Provided a forward scenario plan to mitigate the possibility of future bun disruptions.

Results

As a matter of course, risk mitigation normally involves cost increases. However, by applying HAVI's decades of expertise in managing supply chain disruptions the HAVI team not only found a solution to quickly mitigate the risk, Chick-fil-A also was able to reduce costs and increase service levels in the process.

- More efficient network contributes to **higher service levels**
- Added value of a more efficient network with **notable annual savings**
- **Reduction in delivery distance** ensures fresher buns to restaurants faster while saving on fuel
- 5-year plan for **mitigating future risk**



CONTACT | INFORMATION@HAVI.COM | +1 630-493-7400 | HAVI.COM

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