CASE STUDY

Independent Purchasing Cooperative

Achieves high data quality standards for the largest fast food brand in the world

CHALLENGE

Independent Purchasing Cooperative (IPC) is a SUBWAY® franchisee-owned and operated purchasing cooperative. With an eye on freshness and quality, IPC wanted to achieve traceability of suppliers' products as they travel to SUBWAY® restaurants. To do this, IPC realized it needed accurate product data, yet found widespread inaccuracies that were adding costs and inefficiencies throughout its supply chain.

SOLUTION

IPC launched a data quality initiative, using the Global Data Synchronization Network™ (GDSN®). As suppliers publish core item data in the GDSN, IPC reviews the data for inconsistencies. Using GS1 best practices for packaging measurements, distributors conduct physical product audits to identify further data discrepancies. Suppliers then update their product data in the GDSN, creating a single source of truth for all partners.

BENEFITS

Suppliers have published 90 percent of product data by volume in the GDSN, making corrections as IPC and its distributors identify discrepancies. In addition, 89 percent of distribution centers are receiving and working on integrating this product data into their management systems for improved transportation, logistics and warehouse management. IPC estimates significant costs savings; for example, after achieving accurate data for 83 major products, IPC estimates approximately a million dollars in cost avoidance in material handling and transport costs alone.

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Independent Purchasing Cooperative
A SUBWAY® Franchisee Owned Organization

"We know our potential savings is a big number . . . The other key to our success is going to be the next phase in our initiative of achieving traceability."

— **RICK BUTTNER**, Director of Quality and Supply Chain Risk, IPC

Independent Purchasing Cooperative negotiates the purchase of goods and services for 30,000 SUBWAY® restaurants in the United States, Canada, Virgin Islands, and Puerto Rico. As the purchasing arm for the world's largest fast food brand, IPC has been using GS1 Standards for several years.

Yet, when Rick Buttner, director of IPC's Quality and Supply Chain Risk department, joined the Foodservice GS1 US Standards Initiative and some GS1 US workgroups, he realized there was "more to GS1 standards than just barcodes." "Being involved in the data flow workgroups was a great experience," says Buttner. "I started to see opportunities for improved product data from a bigger picture."

Soon, Buttner hired Lucelena Angarita as the quality program manager to implement GS1 Standards throughout the SUBWAY® system. In order to build its business case for budget approval, IPC set about quantifying the monetary impact of data discrepancies on its business. "We knew there were a lot of inaccuracies in our systems," explains Buttner. "We wanted to clean up our data first and then turn to implementing traceability."

Comparing product data from IPC's internal systems with data from distributors' systems, IPC found 89 percent of products compared had data issues. "This meant one or more core attributes was 'out of tolerance' based on GS1 Standards," explains Angarita. "It was an eye opening experience."

IPC discovered the vast potential for cost savings after launching a pilot with three of its largest suppliers and two distributors. For instance, the team calculated that a 1.5 pound discrepancy in mayonnaise weight could be as much as a $100,000 in cost avoidance in annual transportation costs. Armed with these results, Buttner and Angarita quickly gained corporate agreement for an all-inclusive data synchronization initiative using the GDSN.

IPC distributors and suppliers were more than willing to use the GDSN, which helped IPC accelerate its timeline for implementation. "We published GS1 adoption goals and deadlines for both our suppliers and distributors," explains Buttner. "They were able to see each other's requirements, and we included these requirements in their contracts. Achieving quality data was clearly important to us."

Starting with the largest suppliers, IPC reviewed their product data before it was shared and synchronized with distributors. "We inserted ourselves in the middle, comparing

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the supplier's published product data in the GDSN with the original specifications they had shared with us," says Angarita. "If the data attributes didn't match, we would ask them to fix it." Some distributors were asked to conduct physical audits of each product with a cubiscan, following best practices outlined by GS1 US in its GDSN packaging measurement rules training.

"It has been very helpful for our suppliers to receive direct feedback about their published data—from us and the distributors," says Buttner. "Our suppliers are ultimately accountable for the accuracy of their product data, but we're there to help and monitor their progress."

IPC's teamwork, transparency and attention to detail are paying off. Today, 90 percent of its product data by volume is being published in the GDSN, and 89 percent of the distribution centers are working to integrate it into their management systems.

Although the team looks at multiple metrics and results, savings and cost avoidance is a major goal. The team measured the impact of annualized truckload and material handling charges for 83 major products, comparing the costs for inaccurate with accurate data. "We estimate just over a million dollars in transportation and material handling costs alone will be avoided going forward—just by achieving accurate data for these 83 products," says Angarita.

"Even though we haven't quantified all of the potential savings, to date," adds Buttner. "We know it's a big number and something that our management team and board is very happy with. The other key to our success is going to be the next phase of achieving traceability."

Angarita concludes with some advice, "Leverage what other people know because everybody in the foodservice community is willing to share."

To learn more about IPC, visit www.ipcoop.com.

To learn more about the Foodservice GS1 US Standards Initiative, visit www.gs1us.org/foodservice.