

CASE STUDY

MANUFACTURING & SERVICES



Potandon Produce Embraces Data-Driven Business Evolution, Wins Big in Vendor Negotiations

Sowing the Seeds for Growing Green

Steve Ottum, President and COO of Potandon Produce, has never shied away from business evolution. Now one of the largest produce marketers in North America, Potandon was founded in 1995 when Steve and three of his senior management colleagues at The Pillsbury Company licensed the Green Giant brand from their employer for use on fresh fruits and vegetables.

Today, Steve is busy steering the brand's continued innovation, partnering with numerous grower cooperatives, and introducing globally-sourced potato and onion varieties to North American markets. So busy, in fact, that he wasn't looking for a strategic advisor. But an ongoing dialogue with SRM's Jim Kurtz convinced Steve to embrace innovation in yet another area of his business: telecom vendor optimization.

A Low Risk, High Reward Proposition

"At first, I was skeptical," said Steve. "We get approached by lots of firms that offer consulting services, but the more we talked, the more I was convinced there was no downside to working with SRM."

Despite his growing confidence, Steve decided to take a cautious approach to his partnership with the firm. "It took a while to fully understand the value proposition," explained Steve, "But once we got over that hurdle, SRM suggested we focus on optimizing our telecom contracts and services. I felt this was a low-risk area with low spend, so it would be a good way to test SRM's offerings."

Steve still had one lingering concern: Would SRM's involvement disrupt any of his hard-won relationships with vendors? Yet, he soon learned that SRM would never contact Potandon's vendors without express permission. "It was great to know that SRM could be 100% behind the scenes, or 100% engaged with the vendor," said Steve. "It was up to me to decide."



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Using Data to Uncover Real Telecom Spend

The key to seeing the true value of SRM's work was understanding the benchmarks set in their renegotiated telecom contracts. At the close of negotiations, Steve and his team not only achieved reduced telecom costs for their multiple locations, but also gained a better understanding of their service contracts.

Steve emphasized the benefit of gaining a clear picture of what the company actually spent on telecommunications. "We did save money on our telecom services, but a possibly bigger benefit was getting to see our real spend on cell phones, internet usage, and so on," said Steve. "To see real spend, we started small and simple and mainly focused on collecting the right data."

Vendor Insights Lead to Discovery of New Savings

With the confidence gained from the telecom optimization, Potandon decided to tackle a more complex project. They asked SRM to renegotiate their corrugated packaging contracts to help Potandon find additional cost savings and potential revenue opportunities.

“The corrugate project required involving multiple people in the company,” explained Steve. “We knew that collecting the necessary data and developing a cost of goods model would take some time, but we cannot argue with the results.”

With a 360-degree view of their spend for corrugated paper and insight into how vendors control pricing, SRM’s analysis revealed that Potandon could drive down costs significantly. “What it boiled down to was gaining a better understanding of our real cost drivers and vendors’ control over that,” said Steve. “This enabled us to create a model we can now use to monitor new and existing SKUs.”

The ultimate benefit from creating the cost and pricing models came when using this data along with leveraging the latest industry benchmarks; SRM was able to quickly negotiate significant gains from the incumbent packaging vendors.

“It was obvious in the two projects we’ve done that the people at SRM really know what they’re talking about,” noted Steve. “They offer far more than just a superficial knowledge of contract negotiations and benchmarking. Their work can lead to results that add material value to a business’ P&L.”



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About Potandon Produce

Potandon Produce, headquartered in Idaho Falls, Idaho, is the largest marketer of fresh potatoes and one of the largest marketers of fresh onions in North America. Potandon holds the exclusive licensing rights to the Green Giant® brand for fresh potatoes and onions in North America, and is able to provide year-round supply to any size retail, foodservice, or wholesale customer. Potandon also takes pride in their attention to food safety, the innovative products they bring to the market, and their strategic relationships with 10 different agricultural co-ops and numerous grower-packers around the country.