

A Resurgent Reddy Ice Grows its Margins by Operating In the Now

Industry:

- Manufacturing

Reddy Ice Overview:

- No. 1 provider of packaged ice to retailers and food stores
- 8 manufacturing plants and 61 distribution centers
- Workforce doubles during busy season
- Business goals: Align staffing with shifts in demand for ice, give decision-makers real-time insight

About Reddy Ice

Reddy Ice is America's leading provider of packaged ice to retailers and food stores in 31 U.S. states and the District of Columbia. Its customers include retail giants like Wal-Mart, 7-11 stores, Kroger, Albertson's, and other grocery and convenience store chains throughout the United States. Based in Dallas, Texas, Reddy Ice manufactures, packages and delivers 18,000 tons of ice every day. Following a Chapter 11 restructuring, Reddy Ice in 2013 named as CEO Bill Corbin, a turn-around specialist who brought in longtime associate Elliott Lester to head IT. Lester's mission: to completely modernize the widely distributed organization's use of technology in ways that drive greater business performance and impose smarter controls on its leading cost drivers – resulting in more efficient service to customers and improved margins for Reddy Ice's investors.

Challenge

Lester had to find ways to help the company better align its largest expense category – labor – with the sharp swings in consumer demand for ice that occur throughout the year. (In warm summer months, for instance, Reddy Ice's nationwide workforce doubles from about 1,500 to more than 3,000 employees so local facilities have the staff necessary to keep customers happy with 24x7 ice production and daily deliveries.) Matching seasonal workers with seasonal demand also meant retooling the company's aging IT infrastructure so managers throughout the United States could access real-time workforce information

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that would help them avoid the margin-eroding effects of overstaffing – and at the same time prevent them from harming service levels by keeping too few people on board.

Once on board at Reddy Ice, Lester quickly decided the company’s legacy planning platform, SAP BPC, was too slow and cumbersome to keep up with the business. In fact, he knew some large operational reports would take SAP’s cubes-based software an hour or more to generate – unacceptable to decision-makers already pressed for time. “I have a server that’s so powerful it could run the Pentagon, and yet BPC still runs slow,” Lester says. The company’s old staffing processes were also broken; it often took weeks before information on seasonal hires reached corporate management’s planning environment, which meant executives never had a reliable handle on the size of their workforce at

the very moment they needed that information most. “The executives were making decisions in a vacuum,” he says. “What was missing was our ability to understand what was happening now, to forecast what will happen in the future – even months into the future. We couldn’t afford to just keep guessing.”



Fixing these problems was central to the company's long-term success. "In today's highly competitive, agile and customer-driven business world, you can't wait until the end of the month to find out what you did wrong," says Lester. "Our legacy systems were built in the '80s, and they just couldn't provide our executives and local managers with information that was usable or consumable. We needed data people could understand and act upon."

Solution

After deploying Workday as the company's cloud-based HR platform, Lester determined Reddy Ice needed "analytics at a granular level" – something he wasn't getting from Workday. An extensive evaluation of enterprise planning and analytics solutions led him to choose Tidemark.

"We needed what Tidemark provides: flexibility, future usability, fast and easy access to analytics – and all packaged within an intuitive user interface that makes Tidemark cost-effective because any of our managers can use it," he says. "I don't have any use for 'ivory tower' analytics. That's not how to be successful in an agile marketplace."

Tidemark's unparalleled integration with Workday was another crucial advantage. "Tidemark has the inherent ability to consume Workday tags," explains Lester. "No one else I looked at can do that. And I looked at everyone."

Implementation of Tidemark's cloud-first solution – which requires no extensive IT investments or costly customization – impressed Lester.

"Tidemark is very agile in its implementation. We got the most bang for the buck, and Tidemark enabled us to start consuming data faster than anything I've seen in my 30 years in IT."

With its consumer-quality HTML 5 user experience, Tidemark proved popular immediately. Reddy Ice originally planned a gradual, tiered roll-out to its user base of 120 executives and managers – first at corporate, and then regionally. But once field managers saw a Tidemark demo, they wanted to use it immediately.

Results

With Tidemark, today's Reddy Ice operates in the now. Executives always have a real-time picture of staffing and how it correlates to demand. Using Tidemark Storylines, which visually presents complex data using intuitive infographics, managers have an always-current view of crucial performance indicators, such as the week's payroll spend, where each location stands against budget, and which roles require the most overtime and when. Flexible what-if scenarios let managers explore the most strategic ways to deploy staff. Eventually, Lester aims to incorporate external data – such as weather and traffic information – to enable decision-makers to understand what factors really drive demand or impact delivery times. They then can use Tidemark to accurately forecast when demand will shift or to anticipate when drivers must adjust their delivery routes.

The new Reddy Ice moves at the speed of business. The report that had previously bogged down SAP BPC for more than an hour now can be calculated by Tidemark's in-memory computational cloud with results appearing "almost instantly," says Lester.

This is all good news for Reddy Ice investors eyeing the bottom line. By right-sizing its seasonal workforce

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to align with actual demand, the company potentially saves millions of dollars in payroll costs every year.

It's also great news for the stores that sell 1.8 million tons of Reddy Ice every year. "Before Tidemark, local managers were forced to operate by the seat of their pants," says Lester. "Now they see what's happening, as it happens, and they can take action on that information. This lets us do a better job serving customers. It makes us more competitive."

