

CASE STUDY



Chinook Seedy *Customer Profile*

Chinook's tasty, healthy sunflower seeds are available across America because founder Mark Pettyjohn created his own GMO-free alternative to the salt-laden, artificially-flavoured existing brands. Real herbs and spices, an easy-to-crack shell and crunchy brittle kernels provide all the benefits of nature's own vitamins, minerals and healthy fats.

- Launched 2014
- 7 production employees, 4 executives/managers (CEO, COO, founder/sales manager, general manager)
- Available nationwide on Shopify and Amazon
- 3,000 cross-country retailers, including Buc-ee's, RaceTrac and Pilot Flying J

Challenge

- Control costs to stem losses
- Grow national sales
- Rebuild customer confidence
- Inaccessible, outdated, inaccurate paper records
- Manual records incompatible with QuickBooks



Chinook's Instant Return to Profitability with 24-Hour ROI on Vittles' MRP

Mark Pettyjohn satisfied his constant craving for a tastier, healthier sunflower seed and in the process, he created Chinook Seedy to give Americans the best sunflower seed experience possible.

But to keep selling to Chinook's sunflower seed-afficionados, Mark had to turn his young company into a sustainable business with consistent profits, increased sales and consistently happy customers.

Mark knew exactly how to make great sunflower seed snacks, but he had more to learn about managing his food manufacturing business. After meeting Kraig Schexnayder, an entrepreneur and systems integrator, Mark was convinced Kraig had the food industry-specific experience Chinook needed. After all, Kraig had just helped Louisiana-based Sno-Balls To Go! grow from \$900,000 to \$3.8 million in 18 months.

Kraig promised Mark he'd "transform" Chinook and Mark believed him. However, Mark was surprised when Kraig told him he couldn't make that happen without Mar-Kov's Vittles, an MRP software created by food industry veterans for food manufacturers.

Vittles – A Crash Course in Food Manufacturing

Kraig first turned to Mar-Kov and Vittles after being asked to grow Sno-Balls because although he'd successfully run the printing company he'd founded for 25+ years, he was new to the food business. As much as Kraig knew about managing costs and integrating processes to ensure long-term profitability, he immediately recognized batch manufacturing food comes with a specific set of challenges and regulations

“Mar-Kov and Vittles gave me a crash course in food manufacturing.” - Kraig Schexnayder, COO, Chinook Seedy

“Mar-Kov and Vittles gave me a crash course in food manufacturing and everything that's unique to food such as recalls, recipes and what the Vittles data can tell you about your batch processing company,” says Kraig, Chinook's COO. “Mark's a true visionary, but Chinook, like Sno-Balls, desperately needed real-time, accurate data on which to base crucial business decisions.”



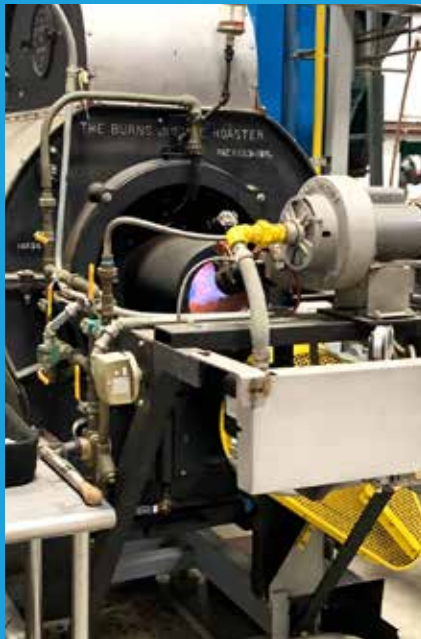
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Solution

- Mar-Kov's Vittles traceability and material requirement planning software

Results

- 24-hour ROI, immediate return to profitability
- Founder/sales manager freed up to focus on sales
- Restored customer confidence (accurate, on-time deliveries & invoices)
- Instant access to accurate, real-time digital records
- Fully integrated with QuickBooks



Mark hired Kraig and implemented Mar-Kov's Vittles after Kraig explained that together, he and Vittles would deliver an extraordinary 24-hour ROI and a virtually instant return to profitability. Together, Kraig and Vittles replaced the 1.5 part-time administrators that had manually created and handled every single piece of documentation required to run Chinook.

On a daily basis, Kraig relies on Vittles to run Chinook more efficiently and cost-effectively. Consumer, retail and distributor orders are used to identify and purchase the raw ingredients required. Those orders are also used to create the production, packaging, order assemblies and shipping schedules as well as all related invoicing. Vittles automatically cascades the data from the initial entries across the system to save time and minimize data input errors. On command, Vittles uploads that data to QuickBooks so that Kraig and the senior managers can drill down for details about vendors, deliveries and more. Vittles is used to help identify business issues that need to be addressed before the impact is compounded over time.

While customers generally received the correct orders on time, they occasionally arrived late, incomplete, short or without the right mix of SKUs (flavours, 4 or 1.5 ounce). Chinook paid distributors a penalty, up to \$100, for every late order, even if the delay was beyond Chinook's control, for example, the freight company's truck broke down. Imprecise, late invoices were also an issue and had a negative impact on Chinook's cash flow.

“Vittles maximizes production and minimizes cleaning to up revenue and cut costs.” - Kraig Schexnayder, COO, Chinook Seedery

“Over time, customers lose faith when you make mistakes and the penalties will add up,” says Kraig. “Chinook's seeds are unique but we don't want consumers or retail and distribution customers looking for an alternative. New customers grow our business but repeat business sustains us day to day.”

Vittles frees Mark to focus exclusively on sales, forecasting and cash flow models and gives Kraig the accurate, current data, he needs to manage daily costs and operations.

“Vittles gives us the historical data we need to look back, learn and plan ahead,” says Kraig. “With the paper, the data was there, somewhere, we just couldn't get to it quickly or easily.”



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Chinook Seedery



Over time, Chinook will continue to rely on Vittles' cost-of-goods reports to help them achieve the margins required for long-term sustainability and if necessary, identify the departments and operations that need extra attention.

Scheduling to Maximize Production

Chinook now has the transparency and visibility needed to efficiently schedule the production of its six flavours. Before Vittles, the company might run up to three flavours daily sacrificing up to three hours of production because it takes at least one hour to clean and remove all seasonings from the equipment between flavours.

"Production generates income and cleaning is a cost – Vittles helps us maximize production and minimize cleaning to increase revenue and reduce costs," says Kraig.

Chinook's freight typically accounts for 10 to 30% of total costs and Kraig expects that to drop as he now has the information he needs to make better use of LTL (less than load) and 3PL (third party logistics) providers. Likewise, raw ingredients, 33% of total costs, should fall as Chinook negotiates orders in bulk to benefit from volume discounts.

Replicable Recipes & Total Transparency

Vittles, which first taught Kraig the value of recorded recipes, is now home to Chinook's recipes. While Chinook's six flavours require relatively few ingredients, customers expect each of their favourite flavours to taste exactly the same every time. To date, Chinook has seen little staff turnover, but before Vittles, their lead mixer relied exclusively on his experience and intuition. Today, all of Chinook's employees can successfully replicate each flavour with Vittles.

“In 24 hours, Vittles put Chinook back in the black.”

- Kraig Schexnayder, COO, Chinook Seedery

Even more importantly, Vittles records every detail pertaining to Chinook's ingredients, production and shipping data. As a result, Chinook is FDA Food Safety Modernization Act compliant and has the data required to track products in the unlikely event of FDA-mandated and voluntary recalls.

"In 24 hours, Vittles put Chinook back in the black, and in just a few months, Vittles helped us transform Chinook and revolutionize the way we manage our business," says Kraig. "As a result, Chinook will be providing the super healthy, ultra tasty sunflower seeds people have fallen in love with for years to come."

