

AN AUTOMATED INVOICE PROCESSING AND WORKFLOW SOLUTION

Even with increased invoice volumes and launching a 4th company, invoice cycle times were reduced by 50%



KLN Family Brands

Location

Perham, MN

Type

Private

Industry

Food Manufacturing

Website

www.klnfamilybrands.com

Employees

1,300 spanning 4 companies

Revenue

\$300M

ScerIS Solution

AP Invoice Management

ScerIS Platforms

ETCETERA ECM (Enterprise Content Management)

ETCETERA EPM (Enterprise Process Management)

ScerIS PAS (Process Automation Systems)

ScerIS Products

Invoice Scanning

Rules-based Data Capture

Repository

ScerIS ERM Enterprise Report Management

Workflow with Escalation

Host Interface - Manage 2000

ScerIS Services

Custom Web Client Development

Awards/Recognitions

Institute for Financial Operations'

Huntington Bank Innovation Award

Customer Profile

KLN Family Brands is a family owned company founded in 1964, and is home to four distinct, quality-driven product lines: Tuffy's Pet Foods, Kenny's Candy Company, Nutheads and Barrel O' Fun. KLN is nestled in the heart of corn and potato country in Perham, Minnesota, where two of the 10,000 lakes are right out their front door along with some of the most beautiful golf courses in the US.

Tuffy's Pet Foods produces premium pet foods with name brands including NutriSource, Pure Vita and Natural Planet Organics. Kenny's Candy Company is the manufacturer of Juicy Twist candies and Wiley Wallaby licorice, sold in stores throughout the United States and a favorite for licorice fans. Barrel O' Fun produces an extensive line of snack foods including traditional and kettle-cooked potato chips, 100% whole kernel corn tortilla and corn chips, cheese puffs and curls, gourmet popcorn and baked potato crisps. Nutheads is the latest addition with its impressive line of chocolate-covered snacks.

Challenge

While each of the KLN Family Brands companies runs independently of one another and maintains their own respective sales and marketing departments, they share corporate assets including human resources, management, and accounting. For this reason, KLN, an organization with more than 1,300 employees, has a completely centralized AP department managing all incoming invoices. Prior to implementing their new ScerIS automated AP solution, KLN was launching their fourth company and location, Nutheads Chocolate Factory. With an existing annual volume of 30,000 invoices, the AP department required hours of overtime to handle the incoming volume. Knowing this volume would increase with the addition of the fourth company, and therefore require additional personnel, space and equipment, KLN began evaluating solutions to streamline its AP processing and routing.

Solution

To help reduce overtime costs, speed invoice cycle time and better prepare for expected growth, KLN selected a solution comprised of ETCETERA ECM, ETCETERA EPM and ScerIS PAS, a rules-based, unstructured data capture platform, to meet their immediate processing challenges.

"In addition to all of the cost savings and other benefits we have achieved in Accounts Payable, we have also found a real partner in ScerIS. They are as invested in our success as we are and we are really pleased to have them as not just a vendor but more an extension of our operations group. We know we can call on them for anything at any time and they will deliver."

- Ron Galbrecht, CFO/CIO
KLN Family Brands

Project 1:

ETCETERA ECM & PAS for Automated Invoice Processing

With the technology installed, KLN worked with ScerIS to define their invoice processing requirements with some requirements differing by division. In this solution, KLN processes 30,000 invoices annually for its four companies. Invoices are received centrally at its Perham MN headquarters or remotely at their manufacturing facility in Phoenix, AZ. The invoices are scanned into ETCETERA ECM from each location, released to ScerIS/PAS for processing and posted into the KLN ERP system, Manage 2000.

The critical data from the invoice images is automatically captured from both purchase order (PO)-based and non-PO invoices including header, line item detail and totals including tax, freight and discounts. The data is matched to purchasing and receiving data according to the company's business rules and is output into ETCETERA ECM with the images automatically indexed and archived. Exceptions that cannot be matched are routed for escalation reasons such as non-received in the ERP, duplicate invoice, etc. Expense invoices are routed through the same data capture interface but then are reviewed through a ScerIS Workflow that allows for the approval and coding of the invoices with notifications, escalations and reporting incorporated as part of the workflows.

Project 2:

Legacy System Conversion & Extension of ScerIS/PAS

Before engaging ScerIS for the AP solution, KLN had been using another document imaging system. KLN decided to convert all of the existing information in that system to ETCETERA ECM, thereby giving them one secure repository and allowing them to create a best practices environment for document storage, retrieval and retention.

ScerIS managed the conversion of the existing stored files and their associated indexes into the ETCETERA ECM application.

As a part of the initial project and in addition to automating AP processes, KLN utilizes the print file management capabilities of ScerIS ERM to capture all Accounts Receivable invoices from Manage 2000 and also stores purchasing information from Manage 2000 without the cost of printing hard copies or the use of multi-part preprinted forms. That data is used to not only reproduce invoices and PO's but also is leveraged to backfill index data for shipments. Additionally, shipping orders are scanned, indexed by the sales order number and then enriched with all of the information collected by ScerIS ERM. The initial index of the sales order number is also automated through the use of ScerIS PAS structured data capture capabilities.

Results

With the new solution in place, KLN easily added on its fourth company, Nutheads Chocolate Factory, without the need to hire additional AP or AR personnel. They are saving approximately \$100,000 annually with the system and achieved an ROI in 14.5 months. In addition to significantly decreasing overtime, KLN has reduced its invoice cycle time by 50% while the existing invoice volume has increased due to volume increases and the addition of their chocolate company.

Another benefit realized was the ability to perform remote scanning at their Phoenix location and transmit the invoice images to headquarters for processing. Not only did this speed the processing time, it also saved KLN the hassle of mailing invoices to Perham, MN and eliminated \$2,500 per year in postage costs.

The system's success was recognized by the Institute for Financial Operations who acknowledged KLN's accomplishment by automating AP processes with the Huntington Bank Innovation Award, an award recognizing the creative use of advanced technologies, tools and processes in all areas of financial operations.

Future Endeavors

KLN continues to make acquisitions while growing organically as well. The growth of the company has been accomplished without increasing the Finance Department headcount. KLN is expecting to move the ScerIS technology to the Human Resources department, utilizing ETCETERA EPM to manage interactions with employees before, during and after the hiring process. ETCETERA EPM will replace all paper forms in the HR department, minimizing the need for manual records filing and leveraging the forms-based data into supporting systems.

The Payoff

- Reduced invoice processing times by 50%
- Significant reduction in overtime hours
- Improved Internal Controls
- Remote scanning streamlined the invoice processing while eliminating postage hassles and costs
- Annual cost savings of approximately \$100,000
- ROI achieved in 14.5 months