



Sailing on too many boats with Deductions

Learn how Land O'Lakes Analyzed and Transformed Their Deduction Operations



We switched out our deductions system and within 3 months we were already productive than we were before.

Mike Thelen, Director, Consumer Financial Services, Land O'Lakes

Company Overview

Land O'Lakes, Inc. is a member-owned agricultural cooperative based in the Minneapolis–St. Paul suburb of Arden Hills, Minnesota, focusing on the dairy industry.

Challenges

Two different teams handle deductions. The deductions team routes the deductions to the proper teams. Also takes care of deductions related to shortages, pricing etc. The deduction team consists of 6.5 employees.

The trade promotions team handles the deductions related to trade promotions. The trade promotion team consists of 5.5 employees. The brokers handle the deductions that they have offered to their customers. It consists of 26 employees.

Customers and their Deductions

Land O'Lakes receives more than 100,000 deductions per year. From a customer base of ~8,000, 21% of the customers claims deductions. The top 12 large customers contribute to more than 50% of the deductions. The major challenge for them was to improve customer experience for the large customers.

Why the need for Automation

- Analysts interacted with 3–4 disconnected systems
- Productivity = 22 deductions per day per analyst

1. Gathering Backup Documents:

The deductions team had to manually collect backup documents from sources such as Bank Lockbox files, Website portals, Emails, paper documents & EDI.

2. Multiple Disparate Systems:

The biggest challenge for Land O'Lakes was that their deductions process was spread across separate systems, namely: Oracle JDE ERP, Revitas for Deductions, Stellent for document management. The procedure involved in deductions management was time consuming and complex. Cash Application analyst applies cash in Oracle JDE ERP. The deduction is auto-created in Revitas. Deduction analyst researches on the deduction in Revitas. If invalid, Denial letter is generated in Revitas, Backups are uploaded into Stellent. Customer correspondences are sent via Stellent. If valid, apply resolution in Revitas, post to JDE (illustrated below).

COMPANY

Land O'Lakes, Inc.

INDUSTRY

Food and Beverage

REGION

North America

REVENUE

\$14.90 billion

PRODUCTS

Deductions Cloud

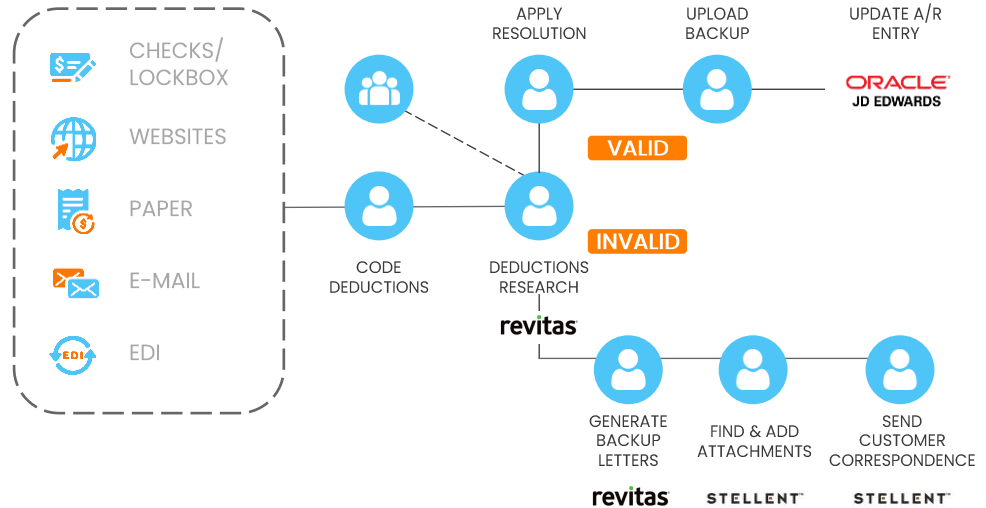
BENEFITS

- ✓ 18% increase in the number of deductions resolved
- ✓ Over \$2Mn closed deductions by dollars
- ✓ Reduction in DSO by 9%

An Illustration - Multiple Disparate Systems

They had a lot of interconnected systems.

They needed a solution that could seamlessly blend with them. Additionally, it should be deployed easily, have low cost of integration and should be compatible with the latest software, not to mention eliminate low value manual tasks.



Successful Outcomes

18% ↑ Number of deductions resolved

~2M ↑ Closed deductions by dollars

9% ↓ Reduction in DSO

About the Solution

Deductions Ready-for-Research on a Single Screen

All information for a particular deduction is available in a single place. The first thing a deduction analyst does at the beginning of the day is to check the worklist. The solution generates a worklist which includes the deductions that have been assigned to that person. From there, the analysts can resolve deductions.

In-depth Information Presentment

Basic information about the deduction such as the amount and payment details are captured in the header. Below the header, there are multiple tabs that aid the analyst in closing the deduction. The claim information are automatically captured and linked to the deduction for speedy resolution.

Same system for Valid and Invalid Deductions

If a deduction is valid, it is resolved by the system. In case of a dispute, the deduction goes to the correspondence tab in the same window, for sending correspondence to acquire documents necessary for resolution.

Challenges Solved

With the implementation of the solution, the deduction process got much more streamlined. To summarize the entire process:

- The automation solution takes care of the process from gathering back up documents, to coding deduction to populating claim data.
- It auto-populates deduction attributes such as customer name, reason code, priority, planning account and deduction claim line-item data.
- After the deduction is ready for research, the deduction analyst takes over.

Despite the Challenges, Land O'Lakes experienced productivity gain within 3 months.

The Benefits of automation

- Significant elimination of manual work
- Improved analyst efficiency
- Increased broker confidence