

Case Study



Crunch time for Golden Flake leads to a new mobility solution



About Golden Flake Snack Foods, Inc.

For almost 100 years Southerners have enjoyed potato chips made by Golden Flake Snack Foods, a Birmingham, Alabama-based company with production plants in Alabama and Florida. In addition to its original kettle-cooked chips, Golden Flake sells a full line of flavored potato and corn chips, pork skins, crackers, nuts and other snack foods in 14 states. The company is an enthusiastic sponsor of sporting events in the Southeastern and Sunbelt conferences, and is the official snack of Talladega Superspeedway.

Situation

Golden Flake posted record sales last year, but spiraling fuel and commodity prices decreased net profits. As the company explored ways to increase operational efficiency, it also had to develop a cost-effective way to ensure that the drivers of its 32 transport trucks followed strict new Department of Transportation performance and safety regulations. Having worked with AT&T in the past to provide a mobility solution for its sales force, the company looked once again to AT&T for a new solution.

Solution

Webtech Wireless® Quadrant® from AT&T delivers real-time and historical GPS-based information to Golden Flake, making it easier to support driver compliance with federal regulations. The web-based fleet management solution supplies the extensive vehicle and driver performance data the company requires, helping to improve operations and reduce errors by eliminating the need for drivers to fill out paper logs. In addition, report preparation to document results has been cut back to a fraction of the time it used to take.

Rich Traditions from a Bygone Era

Nearly a century ago, two friends with a sack of potatoes started Golden Flake, “the South’s original potato chip,” in the basement of a Birmingham grocery store. Since then the company has continued to produce its original kettle-cooked chips and introduced flavors like dill pickle and sweet heat, 10 varieties of pork skins and products like jalapeno cheddar cheese curls and chili cheese crinkle cut fries that have become instant hits.

Today the company is a multi-million dollar, publicly traded enterprise (NASDAQ: GLDC) that has diversified into real estate, insurance and advertising, but it retains the quality and values of the family-owned operation it used to be. The Golden Rule – treat others as you’d like to be treated – is posted above the door to each of its buildings.

Golden Flake Snack Foods Facts

Business Needs

Improve driver safety and contain transportation costs while complying with new federal safety regulations

Networking Solution

Fleet management solution monitors driver performance and provides real-time vehicle diagnostics

Business Value

Enhanced monitoring in support of driver safety; more efficient documentation preparation of driver compliance with government and company rules; opportunity to reduce insurance costs

Industry Focus

Snack foods

Size

\$136.2 million in annual net sales

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“We treat our customers like family,” said Golden Flake Chief Financial Officer Patty Townsend. “We feel that the quality of our product and our customer service distinguish us, so customers pick us instead of another bag of chips.”

Townsend, who started as an administrative assistant and worked her way up to top management, said the Golden Rule also applies to employee relations. It’s not unusual for employees to spend their entire careers at Golden Flake, and Townsend said she can’t remember a single layoff. When the company launched a new ERP platform to streamline operations, officials said they planned to retain all workers. “If we see an increase in efficiency that eliminates a job, we will give that person an opportunity in another area,” Townsend said.

Record Sales for Chips – but Net Income Dips

The company had unprecedented net sales of \$136.2 million last year but saw net income drop by \$800,000 because of sharply higher fuel and commodity prices. A recent \$1 per gallon increase in the cost of diesel fuel makes a big dent in profits for a company whose fleet travels 2.35 million miles a year.

Golden Flake Transportation Director Butch Owens said the company also absorbed more than \$1 million last year in fuel surcharges from the truckers that deliver its potatoes from Alabama, Florida, Wisconsin, and the Dakotas. Rising commodity prices hiked costs even further – any increase is significant to a company that uses more than 100 million pounds of potatoes a year.

Recognizing that there’s little it can do to control commodity and fuel prices, the company looked for ways to operate more efficiently. Two years ago, AT&T helped decrease costs and improve order processing by equipping Golden Flake sales reps with handheld computers for order placements and inventory management. The mobility solution slashed paper costs by \$200,000 a year, simplified payroll and positioned the company to deploy a new ERP system. As a result, when it needed to pare expenses, officials once again sought the help of AT&T.

Managing Strict New Regulations

As it worked to become more efficient, Golden Flake also had to contend with new Department of Transportation regulations that raised the stakes for truck drivers. “The government used to hold the company solely responsible for violations, but now the individual transport driver is held accountable for things like log violations and bad inspections on the side of the road,” Owens said. “Now there’s a real possibility that a trucker could lose his driving privileges.”

Because transportation is a highly regulated industry, Golden Flake drivers were already completing detailed daily trip logs. To avoid burdening them with additional paperwork, Owens quickly agreed to a trial run when his AT&T account rep suggested Webtech Wireless® Quadrant® from AT&T. The solution eliminates driver paperwork by automatically recording mileage, routes, fueling and stops; it even warns drivers an hour before they reach their maximum allowable daily hours of service.

Webtech Wireless emerged as the clear favorite after Golden Flake tested several telematics options. “For the amount of money that we wanted to spend, it was without a doubt the best answer,” Owens said.

Stability When the Chips are Down

With real-time location, telematics and vehicle diagnostics, Webtech Wireless’ Quadrant solution supplies a wealth of information that supports driver safety. “If a mechanical issue develops, we can notify the driver and possibly avoid a breakdown,” Owens said. “There are savings to be made by letting a little problem remain a little problem.” The unit also has the potential to help reduce fuel consumption by monitoring hard acceleration, excessive speeds and idling time.

A suite of customizable reports lets officials define the information they want to receive, how often and in what form. “We tie the unit into as many safety skill measurements as we can,” Owens said. He wants to know right away if a driver has a panic stop and requests daily reports on hours of service violations. “Webtech seems to be doing a good job on helping us eliminate those violations,” he said.

The solution has also saved significant staff time formerly spent preparing federal fuel tax reports. “Our department had to input drivers’ trip tickets every day to learn how many miles each truck traveled in each state and how much fuel was purchased,” Owens said. Finance department staff then spent days validating the data and compiling the report. “It was very labor intensive,” he said. “With Webtech Wireless Quadrant, it now takes us about a minute and a half to get that quarterly report.”

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– Butch Owens, Transportation Director,
Golden Flake Snack Foods, Inc.

As CFO, Townsend is pleased by the solution’s efficiency and the possibility it will lower workers’ compensation and auto casualty insurance costs. “The ability to have a safer fleet on the road because we monitor drivers and get alerts will be reflected in lower premium dollars,” she said.

The company is impressed with the product’s stability, which they saw firsthand when one Webtech Wireless unit continued to perform even after a tornado in Arkansas slammed a Golden Flake truck onto its side. “I don’t advise that’s a good way to test it,” Owens kidded.

A Lifesaving Investment

All joking aside, Owens said Golden Flake has always had confidence in its drivers, and he’s proud of how they conduct themselves on the road. The Alabama Trucking Association has recognized their professionalism by presenting Golden Flake with its President’s Award in six of the past eight years. Could the Webtech Wireless solution make them even safer?

“That’s like asking, ‘can Golden Flake make a better potato chip?’” he said. “I don’t really think we can, but we keep trying. Our drivers day in and day out are about as safe as any fleet I know of, but the notion that they know they’re being monitored by Webtech has got to have some value. To me, it’s a lifesaving investment.”

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Officials like the efficiencies that Webtech Wireless has generated, but say that increased driver safety trumps all other benefits. "Most of all, we want the employees to be safe," Townsend said. "How do you put a dollar value on someone's life?"

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– Patty Townsend, Chief Financial Officer,
Golden Flake Snack Foods, Inc.

Better, Safer, More Efficient

With help from AT&T, Golden Flake has developed a continuum of solutions that make procurement and logistics more manageable. As the company fully deploys its new ERP system, information will flow more easily, Townsend said, facilitating compliance with government mandates and better enabling the company to demonstrate its commitment to safety and quality.

"Employees will be able to track our chips, their lot and all of the ingredients from the time the commodities arrive at Golden Flake to when they're delivered to the consumer," she said. Supporting this precision are the sales reps' handheld computers, the manufacturing environment's scanners and a device to be added to company trucks when the ERP platform is fully deployed, she explained. "We're very excited about this."

AT&T also helped the company tailor its ERP system to provide self-service portals through which employees can manage their benefits and access personal performance data. These technology upgrades are seen as not just investments in the company, but in the employees as well. "Our account rep helped us brainstorm how to give employees the best tools," Townsend said. "Through AT&T, we're able to provide them what they need to make them better, safer and more efficient."

An Extension of Golden Flake

Townsend believes the AT&T account team understands Golden Flake's business and helps find solutions to its challenges. "They're an extension of Golden Flake, working for us. That's a rarity in this day and age. We're very happy with AT&T," she said. "We see value in having a solution where everything ties back to one company."

Golden Flake executives often demonstrate how they use AT&T products for their counterparts at other companies. "It's great to be able to help people in the industry see what a difference it's made with our company," Townsend said.

Owens added that the reputation of AT&T, along with its stability, is essential. "I think it's important for other people to know that you're collaborating with AT&T - not some fly-by-night, here today, gone tomorrow company," he said.

In addition, Golden Flake appreciates what Owens called "the AT&T mission" to share disruptive technology, especially when it comes to products or services that could further improve safety, efficiency or quality. "We wouldn't have seen the Webtech mobility solution if AT&T hadn't brought it to us because we didn't even know it was out there," he said. "AT&T will always let us know the next great thing that can make our lives simpler."

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06/05/13 AB-2695

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