



Workday and McKee Foods

One Suite of Applications, Many Successes

McKee Foods understands quality. The company offers one of America's most beloved brands, Little Debbie® snack cakes, introduced in 1960. Its legendary products are sold in all 50 states, Canada, Puerto Rico, Mexico, and in U.S. military commissaries worldwide.

McKee wanted the same level of quality for its HR operations that it brings to its products. That's why the company chose Workday Human Capital Management (HCM) and Workday Payroll, the unified suite of applications that has helped boost the company's success.

"We wanted to reduce cost and complexity and be more efficient at what we're doing," says Mark Newsome, senior corporate HR manager for McKee.

The company's previous HR system failed to provide for that. Management lacked timely data and analytics on key issues such as turnover, compensation, and insight into open headcount. The company's relationship with its independent distributors depends on timely delivery of product. However, McKee could not easily determine whether it was adequately staffed with drivers. Wanting to find a system that could answer these questions, HR chose to focus more on its strategic role within the company.

When McKee began reviewing vendors for a new HR system, the company stipulated that a unified suite of applications had to be part of the offering right from the start. Newsome and his team knew that by bringing HCM and payroll together, they would get greater efficiencies. They also knew that by improving processes and gaining better business insight, they would be able to transform the business. And that's why they chose Workday.

"I cannot imagine how complex it must be for those who are operating with separate systems and don't get to take advantage of the business process framework and business intelligence that Workday provides," says Newsome. "There are crucial business operations one cannot successfully perform without the unified platform."

Now, when McKee needs to change a process, it's completed within minutes instead of hours or days. Reports are available in minutes instead of weeks. The result is a faster, more agile company.



Business Case at a Glance

6,000 employees in the U.S.

\$1.2 billion in revenue

Headquartered in Collegedale, Tennessee

Workday Applications

Workday Human Capital Management

- > Absence Management
- > Benefit Administration
- > Compensation
- > Employee and Manager Self-Service
- > Open Enrollment
- > Performance Management
- > Talent Management

Workday Big Data Analytics

Workday Payroll

Summary of Business Benefits

Estimated savings of more than \$1.5 million since 2009 deployment

Estimated savings of 35 to 40 percent over previous legacy system

Zero spend on upgrades

Increased operating efficiency due to a unified HCM and payroll suite of applications

Payroll calculation time savings of 33 percent

Liberated HR staff; shift from transactional work to strategic issues

Cost Savings: More than \$1.5 Million

A major Workday benefit to McKee has been, quite simply, cost. The company estimates that it has saved more than \$1.5 million since the 2009 Workday deployment through improved efficiency, realistic headcount, and decision-making based on better data.

The company also compared what it spent on Workday to what it would have cost to stay with its previous ERP vendor, finding savings between 35 and 40 percent. “It would be easy for us to spend hundreds of thousands of dollars every four years on an upgrade with our old system, and now we’re spending nothing. We’re literally spending zero dollars on upgrades,” says Newsome.

“Previously, in addition to the dollars spent on upgrades and hardware, members of my staff and the IT staff and payroll would have to pull away from their normal jobs to deal with these issues,” says Newsome. “It’s just a complete time-waster. Now we don’t do any of that.” Workday Employee and Manager Self-Service frees the HR and payroll staffs from the routine transactional work that used to occupy their time.

“In the old days, our payroll folks did a lot of the transactions themselves—changing bank accounts, W-2 forms, changing addresses. Now all that is done by the employee, and the payroll department just runs payroll,” Newsome says.

“Payroll itself is faster—we cut pay calculation time in half. Individual pay recalculations that used to take 15 minutes are now done in the blink of an eye.”

“And it’s not just HR,” he emphasizes. “Managers no longer have to fill out paperwork. Transfers, promotions, and pay changes are processed automatically instead of through paper-based systems. We have gained so much value from all of those system changes. Not only is it an ROI, but the productivity gains in the organization have been substantial.”

Efficiency and Visibility Through a Unified Suite of Applications

Newsome cites several examples of how Workday’s unified suite of applications has directly benefitted McKee’s bottom line. In 2012, the company decided to offer its employees a new HSA-based health care plan. Since open enrollment is now done entirely through Workday, it was simple for employees. In fact, 70 percent chose the new plan.

“It was highly effective,” Newsome says. “When all the information was completed in Workday, the appropriate amount of benefit elections and what comes out of your payslip each week happens automatically. Payroll doesn’t have to worry about changes in benefits failing to roll through. That’s what you get with a unified platform.”

Management examined Workday’s ability to deliver a report about the implications of various early retirement packages for McKee employees. Newsome details, “We were able to quickly create an extensive report that told us who would be eligible for early-retirement incentives and how much they would be paid based on their salary. We were able to see the cost of financial decisions around cutoffs in offering early-retirement incentives, which is very powerful. Executive management had the trusted data they needed to make strategic HR decisions.”

Additionally, when a competitor went out of business in November 2012, McKee exercised the power of Workday to help the company staff up quickly to meet an almost 20 percent sales increase.

“Our leaders wanted to see what progress we were making in getting the jobs filled,” explains Newsome. “And we were able to provide the reports they needed. They are very happy with being able to see data on a weekly basis. Workday analytics gave management a sense of its talent acquisition progress and was instrumental in helping plan for what we can actually produce and deliver based on the number of hires. It helped McKee make informed business decisions. What would happen if management didn’t have those numbers?”

“The data Workday provides has made an impact on both our employees and company leaders. We have leveraged Workday to communicate changes to workforce processes and analytics, bringing key business data and automated processes to the fingertips of our internal customers in a way we were unable to do prior to Workday.”

Lastly, Newsome sees that Workday is giving the company an edge in a highly competitive industry. In particular, he mentions Workday product updates that happen three times each year, “That’s what helps us have a competitive advantage in people processes,” he says.

Beyond HR to Competitive Strength

Workday is reaching new areas through its mobile apps. “Now, thanks to Workday, employees can view their paystips from their phones and tablets, wherever they are,” says Newsome. “It’s so easy to set up, you almost think you’ve forgotten something—it’s unbelievably simple to do.”

McKee is also beginning to roll out dashboards on mobile apps for their senior leaders. “They’re all recognizing the value of being able to see workforce data in real time, anytime from their iPads®, iPhones®, desktops, laptops, and all of the tools they have,” says Newsome. “All of a sudden, Workday can pop up on any of them. And they really like that.”

“It’s really more than just payroll. It’s more than just benefits or financials or HCM or anything,” he continues. “It really boils down to the fact that you’ve got such a powerful business-process framework—it has enhanced our productivity across the board. It’s so easy to set up a business process and so easy to change it if something’s not working just the way you want.”

McKee continues to grow as Workday develops additional features and functionality. When Workday’s Big Data Analytics was introduced, McKee was one of the first adopters.

“Recently, McKee Foods joined a number of Workday customers as a Design Partner in the development of Workday Big Data Analytics.” says Newsome. “As we assess the glut of data and information in the workplace and on the Internet, it is increasingly difficult to wrap one’s arms around the size and complexity of that data. Furthermore, we have access to other sources of data outside of Workday that relate to our workforce. We intend to explore that wealth of information and see how we can utilize Big Data Analytics to bring that information into Workday, which will help us analyze our workforce data and better predict outcomes for the future. Having a tool built within your HCM application increases the probability that a company can make better decisions about the workforce to better drive the business.

“We can’t move fast enough with the growth of the product, which is a good thing.” As a result, Workday’s business analytics are becoming extremely valuable to us. They’re quicker. They’re more effective. They’re speaking well to our business units, and we’re getting a lot of mileage out of them in multiple areas for the company.”

The management team now knows the data they’re using to make decisions is timely and accurate. “Our reports are based on the same core data,” says Newsome. “The leadership now has the confidence that they’re getting the right information each time.”

He concludes, “Anytime that we can be more efficient at what we’re doing and increase productivity in how we’re doing our work, there is an impact. And since every department is using Workday to help them reduce costs, it’s helping make the company more competitive.”



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