

# System Keeps Schnucks on Top of Contract Renewals

By MICHAEL GARRY

**ST. LOUIS** — Schnuck Markets here recently got a reminder that its corporate cell phone contract will be up for an automatic renewal at the end of the year.

The chain's IT department is now researching whether to allow the contract to renew, or explore other options. "We're looking at how the technology has changed, how we're using minutes and data, and what's the best fit for us," said John Scherer, director, procurement services, for Schnucks.

The reminder that the phone contract would auto-renew came from Contract Center, a contract management system from Intesource, Phoenix, that Schnucks started rolling out at the end of last year.

The system gives the retailer a handle on thousands of contracts for consumer products, bags, trays, equipment, insurance, technology and other financial obligations — and a chance to discover cost-saving opportunities.

**"If we lose visibility to auto-renewals, we may get stuck paying for something we don't need."**

**JOHN SCHERER**  
*director, procurement services, Schnucks*

Among its contract management features, the system generates an email reminder to the appropriate executive that a contract is ending about 90 to 120 days before the termination point.

Without the automatic reminders, Schnucks executives, relying on personal calendars, may not leave themselves enough time to renegotiate the contract or look for a different vendor, said Scherer.

"A contract we signed three years ago may have been great then, but we may not need it now," he said. "But if we lose visibility to auto-renewals, we may get stuck paying for something

we don't need." He declined to cite the cost of the system, but noted that "if the system keeps us from auto-renewing one contract, it more than pays for itself."

In some contracts with product vendors, Schnucks will structure the agreement so that "fences" are built around pricing to prevent it from rising too rapidly, he noted. If a deal has a pricing escalation or de-escalation clause, the system will provide visibility on those changes.

With each contract scanned into the system, Schnucks can also search the database for key words. For example, if the chain uses a particular plastic or material in bags or trays that is being recalled for health reasons, "we can type in the name and bring up any contract

where the word appears," rather than wait to be contacted by the manufacturer, noted Scherer.

After contracts have gone through the legal department, key details — dollar amount, start and end dates and a brief description — are loaded into the system. His procurement department is in charge of the loading process and training other departments, such as IT and finance, to load their own contracts.

Schnucks helped Intesource develop the contract management system specifically for food retail companies, and was its first retailer user, said Len Kaplan, vice president of sales for Intesource. Since the system's formal introduction this spring, four other retailers have begun implementing it, he said.

Discover best business practices and strategies that promote the long-term well-being of the environment, society and the bottom line.

**Register Today at**  
**[www.tpasustainabilitysummit.org](http://www.tpasustainabilitysummit.org)**

## Sustainability summit



Hosted by:  
working together as the  
Trading Partner Alliance



**September 12-14, 2011 • Fairmont Scottsdale Princess • Scottsdale, AZ**