Looking Inward
Transforming a Mature Supply Chain to Drive Innovation

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Company Overview
Meijer Supply Chain
Problem Solving
Learnings
Where We Began

Founded in 1934 by Hendrik Meijer
Third Generation Family Run
Began as a Grocer
Created Supercenter Concept in 1962
Company Overview

Ranked 16th Largest Privately Held Company in U.S.
Corporate Campus in Grand Rapids, MI

Team Members: 70,000
Number of Stores: 235
Gas Stations: 208
Distribution Nodes: 6
Manufacturing Facilities: 6
Our Values

Customers
Competition
Family
Freshness
Safety & Health
Our Commitment

Supercenter that Excels in Food/Drug & Service

Family Owned  Customer 1st  Community Focused

Fuel for Growth  Investing in You  Digital Programs

Strong Value  Pharmacy Growth
Our Strategic Focus

Customer Focus

Win With Our Team

Passion to Compete
Company Overview
Meijer Supply Chain
Problem Solving
Learnings
Supply Chain at Meijer – Distribution Network

- 235 Stores in 6 States
- 6 Distribution Nodes
- 17 Distribution Centers
- 500 million cases
  - 200 million Grocery
  - 142 million Fresh
  - 123 million GM
  - 35 million Frozen
Supply Chain at Meijer – Logistics

262K loads delivered per year
17.6 million units of store returns

340K store deliveries per year
60.9 million miles per year
Why Self Manufacture?
Self-Manufacturing Evolution

Started in 1997
6 facilities
400+ employees
Growing aggressively today to provide value and support overall network growth
120+ new products launched in 2017
Central Kitchen

Middlebury Site

What they Manufacture
Company Overview
Meijer Supply Chain
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Problem Statement

Spring of 2017 – Meijer leadership assembles a cross-functional team with the goal:

“Improve freshness of Self-Manufactured Deli Sandwiches”
Traditional Supply Chain Thinking...

Reduce Cost
Shorten Production Time
Improve Changeovers
Larger Batch Sizes

“Any customer can have a car painted any color that he wants so long as it is black.”
Henry Ford
Current State Process Timeline

Current Process: Up to 49 hours from start of production to on-shelf

Opportunity: Adjust process timing to synchronize with outbound store loads.
Optimized Process Timeline

Modified Process: Start production earlier to align with same-day destination shipments.

Results: Product arrives in store 21 hours earlier – 1 day of freshness gained, and fuel cost reduction.
Checking in with our Objectives

Reduce Cost

Reduce Time
Our Focus Evolves...

Internal Alignment
Merchandising
Store Ops
Reducing Complexity

“Talent wins games, but teamwork and intelligence win championships.”
Michael Jordan
Merchandising: “Focus is In-Store Production.”

Good/Better/Best assortment strategy

In-Store production for “Better” and “Best”
Store Ops: “Process is too complex!”

Data shows under-production of store-made items

Store Ops’ feedback

5 ingredients + 5-step process = 2 minutes per sub
Simplify the Process to Enable Execution

Convert from Bulk Packaged ingredients to pre-portioned Kits

Observed 40% reduction in process time

Executable process yields consistent production
Checking in with our Objectives

- Reduce Cost ✔
- Reduce Time ✔
- Internal Alignment ✔
- Reducing Complexity ✔
Our Focus Evolves, Again...

Understand the Market
Customer-Centricity

“Customers don’t need us, we need them.”
Fred Meijer
Expectations Have Evolved

Customers *expect* Freshness *AND* Convenience

*meijer*
This category is at the forefront of deli evolution

60.3%
Grocery Retail is Responding with Investment
Know your customer and provide what they want
Where are we?

Production processes improved
Kit usage enables in-store execution
Innovation is limited to what vendors can support
In-Sourced Kitting Enables Innovation

Centralized production facility can support kitting operation
Integration with product development timeline
Pilot small-batch offerings
Expand to all stores
Checking in with our Objectives

- Reduce Cost ✔
- Reduce Time ✔
- Internal Alignment ✔
- Reducing Complexity ✔
- Understand the Market ✔
- Customer-Centricity ✔
Benefits Realized

1 day of freshness gained on-shelf
+20% incremental annual revenue
+45% incremental margin

Enabling innovation through supply chain solutions
Our Sequential Process

Supply Chain Internal → Company Internal → Market and Customer
Looking Inward at a Mature Supply Chain

Maturity doesn’t necessarily mean stagnation.

Cross-functional misalignment can signal opportunity.

Functional processes that match value proposition.
Integrated Process

Supply Chain
Internal

Process
Capabilities

Company
Internal

Market and
Customer

Strategy
Constraints
Alignment

Customer
Trend
Competition

meijer
"Everything now is going to be done differently, and it's going to be done better. And if we don't do it, our competitors will."

Fred Meijer