



## NETWORK Delivers a Centralized Distribution Program for a Leading Supermarket Chain in North America

### Customer Business Needs:

A leading supermarket chain wanted to reorganize their ordering and delivery operations, moving from a decentralized, autonomous regionally-driven structure to a centralized global operation.

The Indirect Procurement team leader at the grocery chain needed to find a distribution partner with the right experience to guide the change-over from a model where local stores could procure and source products on their own, to one that was centralized and standardized.

A distribution partner was required with strong core competencies in supply chain design and execution and was nimble enough to accommodate local store service expectations. The national chain needed to improve their supply-chain operations, and reduce their total costs, without any service disruption to their various regions and stores.

This desired business model presented several unique challenges:

- The new business model had to take into account all aspects of distribution and transportation in the U.S., and Canada – at local, regional and international levels
- The grocer wanted a strategic partner who understood the processes and risks inherent to such a conversion.
- They needed someone who had the resources and expertise for a smooth transition to new processes and products into the stores, coupled with efficient warehousing management practices
- Regional business conversions had to be completed in a very tight timeframe, with some transitions requiring conversion within seven weeks from the date of formal business award by the customer
- Four new NETWORK distribution centers needed to be leased, stocked and ready to support the new business model, with lead times as short as 7 weeks

### Solutions Development:

NETWORK developed a customized national distribution model that addressed the business needs of the corporate customer, while allowing enough flexibility to accommodate the unique needs of their local sites by implementing the following:

- A dedicated cross-functional implementation team, responsible for planning, managing, and executing the details of the new national program with the grocer
- New procedures to improve receiving dock flow at the stores, to reduce labor costs for the customer and NETWORK
- A custom Web catalog, enabling the customer store staff to search and select products quickly

### Industry:

Grocery

### Products:

Foodservice Disposables,  
Janitorial and Sanitation Supplies

### About the Customer:

North American supermarket chain founded in 1980 in Austin, Texas with 91,000 employees.

This supermarket chain currently has more than 480 locations across the US and Canada, and seven in the U.K.



## A Centralized Distribution Model:

Given the complex nature of the conversion, the implementation of the new program was divided into four phases. Each phase aimed to deliver a specific customer requirement.

- **Phase one** entailed establishing new distribution centers in the Northeast and in Southern California. These new distribution centers were fully operational within 13 weeks of the signing of the program agreement.
- **Phase two** delivered the new distribution model to the Midwest and included distribution to the Midwest region and Canada. This phase was executed in seven weeks from the signing of the contract.
- **Phase three** included another new NETWORK warehouse in the Northwest region. This warehouse also included distribution into Western Canada.

The new centralized distribution model was successfully implemented in eight of the customer's regions. Given this success, the grocer awarded NETWORK the rest of their regions which were implemented in **Phase four** of the conversion.

## Operational Improvements:

Under the centralized program, the Indirect Procurement Team implemented a new "drop and go" receiving process. This allowed inbound trucks to come and go from the grocer's dock more quickly, reducing the wait time and freeing up dock space for other temperature-sensitive deliveries.

Operational improvements also extended to a consultative review of the grocer's purchasing history. A manufacturer program review and product consolidation initiative was also done concurrently with the new distribution model. These sourcing efforts brought the customer cost savings and an optimized mix of products that were now better organized for their business model.

With the new products and manufacturers, also came the need to be able to cross-reference old products with the new ones. This required the ability to consolidate the information into a single easy-to-use catalog. The NETWORK Information Technology team was able to create an online portal interface that connected to their existing data, while allowing the customer to see images and detailed descriptions of all of their products. This system also allows the customer to place orders at the "department" level, enabling better inventory management practices across the stores.

Lastly, from a risk management perspective, NETWORK partnered with the grocer to develop an emergency response process in the event the customer's ordering system had an outage. The processes include the ability to send "push orders" to prevent out of stock issues, a comprehensive communication plan, checklist and more.

In summary, the new program brought critical business improvements, including:

- Total cost-of-ownership reductions
- Time and labor savings
- Ordering compliance nationally
- Better managed deliveries, and receiving dock efficiencies Streamlined ordering and labeling system that enables a full view of inventory from scan-to-shelf
- Emergency response processes and consistent backup procedures

The grocer reported that the value gained from working with NETWORK exceeded their expectations, making NETWORK only one of two global vendors supporting the customer in this capacity.



*"Through the local expertise of our distributors, NETWORK is able to deliver the right distribution competencies to meet the special needs of our customers.*

*Our aim was to enable our customer to improve their operational model, so that they could spend more time in revenue-generating work at the store level, while also improving the overall indirect spend management for the customer's corporate procurement team."*

**Dave Smith**  
Vice President,  
Foodservice and  
Grocery,  
NETWORK

## About Network Services Company

Founded in 1968, Network Services Company (NETWORK®) is a leading distributor headquartered in Schaumburg, Illinois. With more than 750 distribution centers and a collective 33,000 employees, it provides a wide range of janitorial, sanitation, print and packaging products and centrally managed supply chain programs for specialized markets such as healthcare, hospitality, packaging, foodservice, grocery, and commercial real estate. In more than 52 countries and territories, NETWORK's customers include corporate, mid-sized and large companies, as well as multinational corporations. For information about NETWORK, visit [www.networkdistribution.com](http://www.networkdistribution.com).