KEITH SWIEDNICKI INTERNATIONAL
GLOBAL SUPPLY CHAIN CONSULTANTS

ROFDA
Retailer Owned Food Distributors & Associates

THE NEXT CHAPTER
ROFDA
Spring 2022 Conference

2022 BENCHMARKING SURVEY HIGHLIGHTS

SUPPLY CHAIN DISRUPTORS

THE MILLION DOLLAR QUESTION

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GLOBAL SUPPLY CHAIN CONSULTANTS

KSI CLIENTS

WinCo Foods

Dollar Tree / Family Dollar

PepsiCo (Pepsi, Lay's, Tropicana, Quaker, Gatorade)

amazon

SpartanNash

weis

ImperialDade

metro

Hardie's

SSI Super Store Industries

The Save Mart Companies

Affiliated Foods Inc.

Ahold Delhaize

Associated Food Stores

URM Stores Inc

Core-Mark

piggly wiggly

S-Mart

Tops Friendly Markets

Associated Grocers

Gay Lea

Upper Lakes Foods

Fresh Thyme Farmers Market

Sherwood Food Distributors

Betco

HPC

Capitol City Produce

Bertco, Inc. Grocery Wholesaler

Grimmway Farms

Broan NuTone

Arrow Paper Corporation

W. Lee Flowers and Company

Katsiroubas Bros.

Frais Local Responsable

Coastal

Family Tree Produce

premierproduce

SunCity Produce Co.

CSI

General Produce Co.

Hector Larivée

ALTRA

Coca-Cola

KSI AFFILIATIONS

Körber

FMI

PRO•ACT

IFDA Allied Member

ROFDA

WERC

United Fresh Produce Association

SCMA Supply Chain Management Association

The Logistics Institute

Ryan

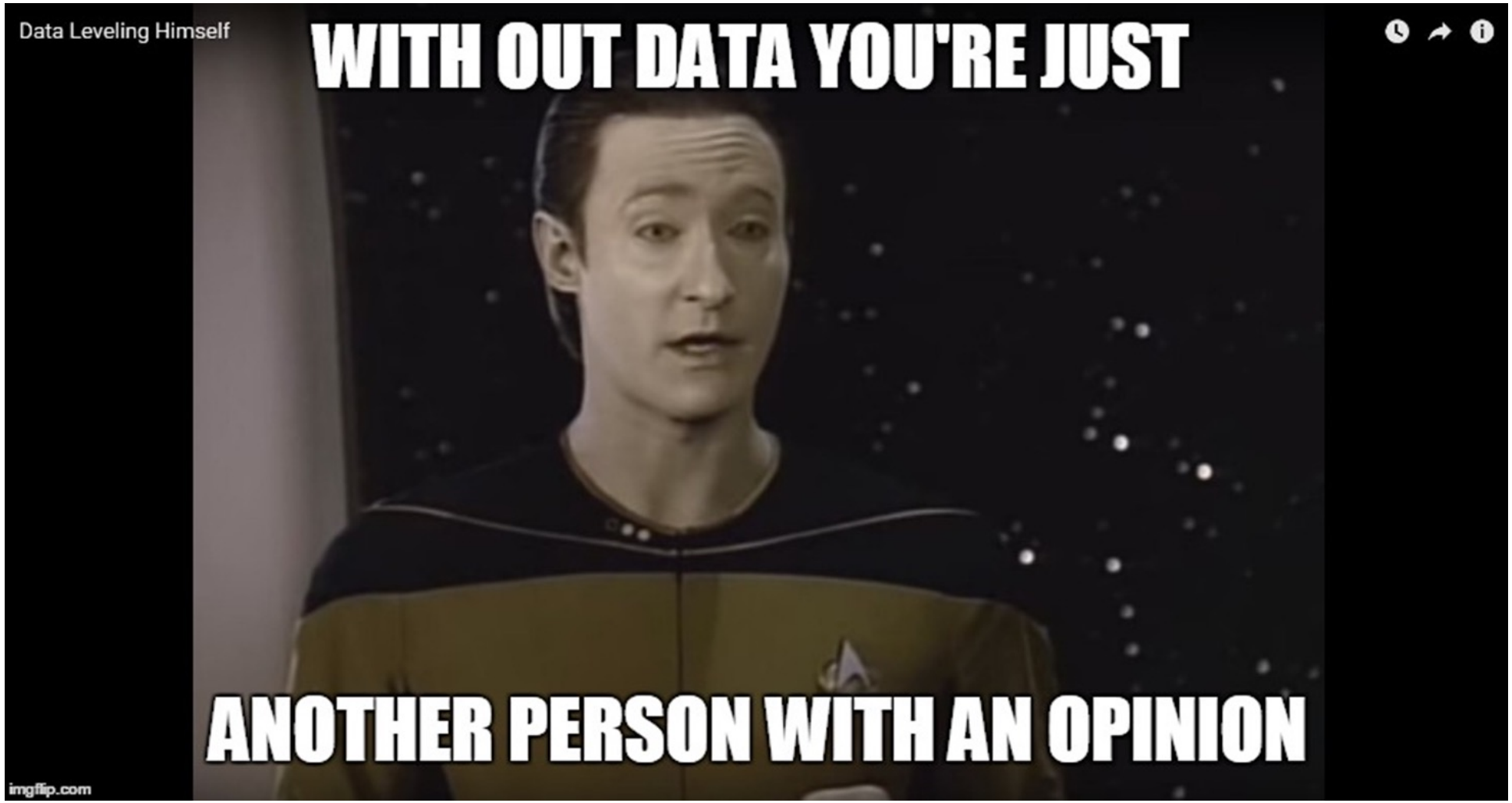
KPI

Kuecker

NGA National Grocers Association

Knapp

Capstone Logistics


Data Leveling Himself
WITH OUT DATA YOU'RE JUST
ANOTHER PERSON WITH AN OPINION
imgflip.com

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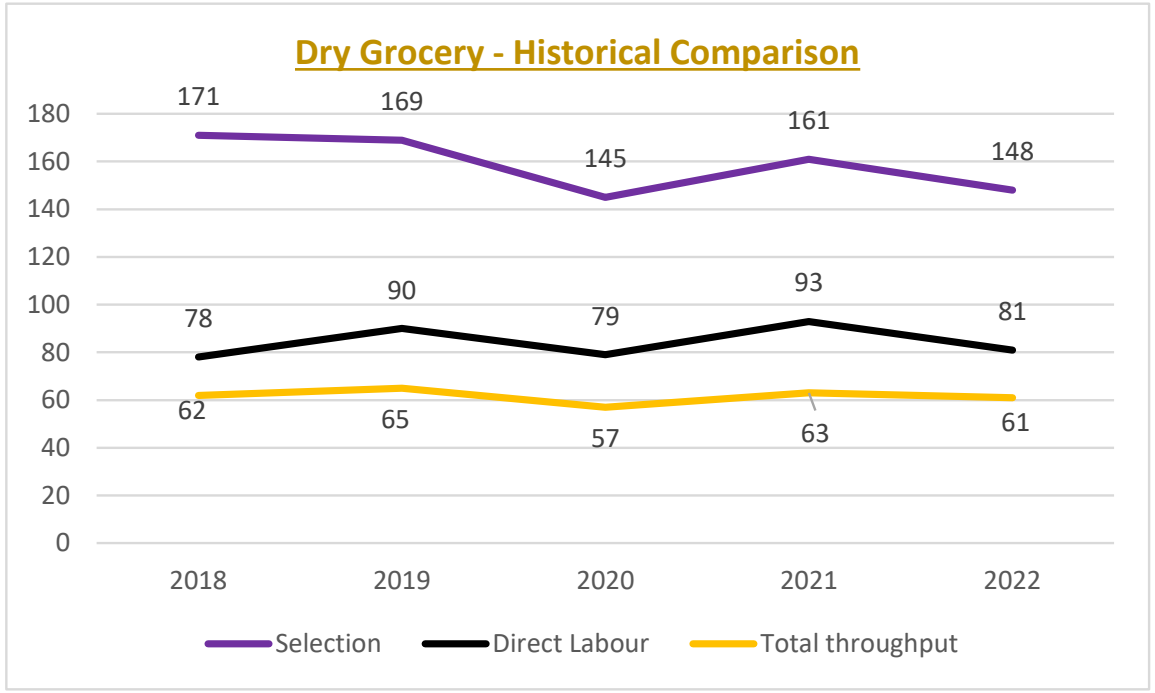
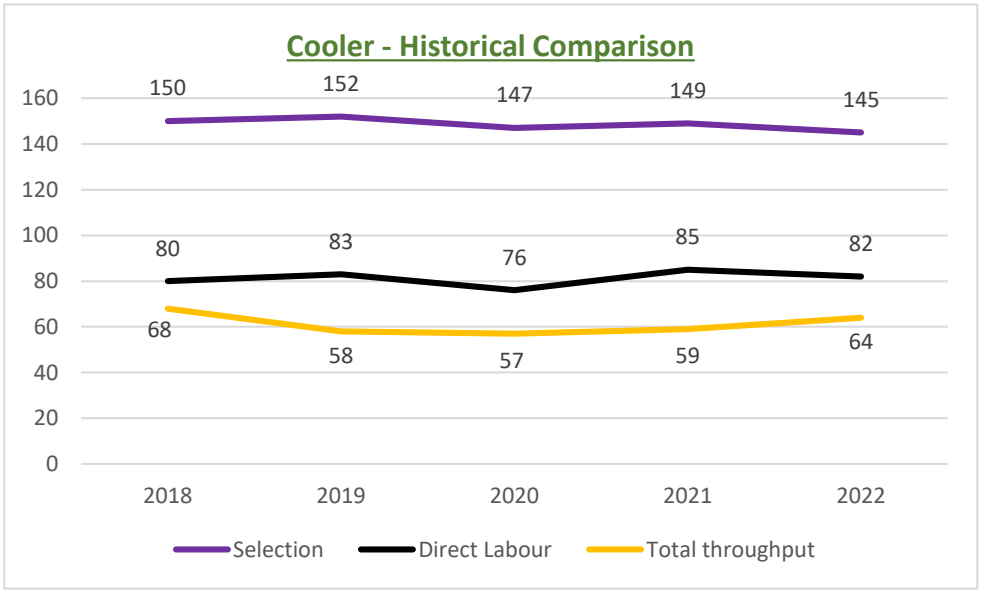
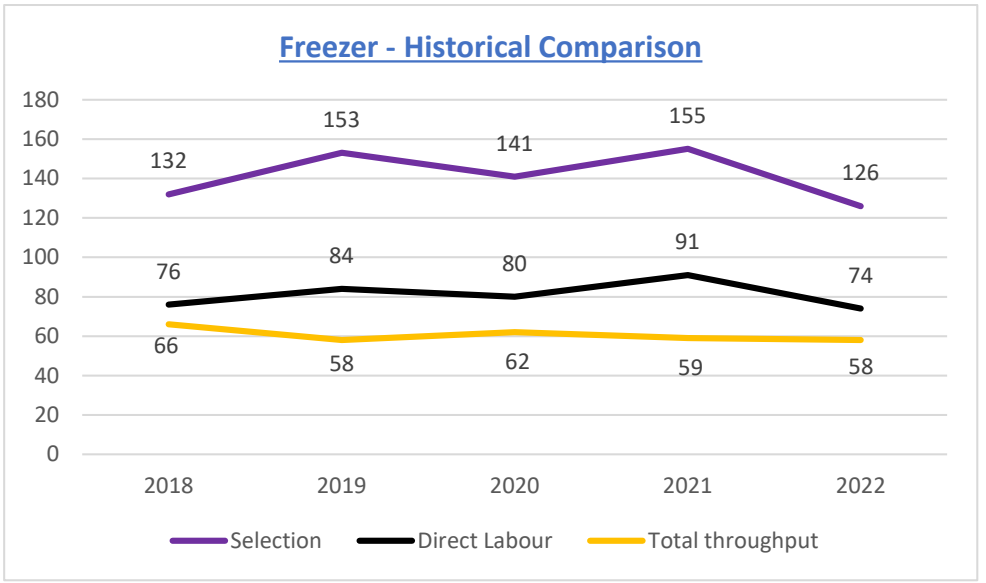
SUPPLY CHAIN BENCHMARKING SURVEY PARTICIPANTS
FALL 2021 ~ 33 cos

Productivity Benchmarks

OVERALL COMPARISON BY YEAR







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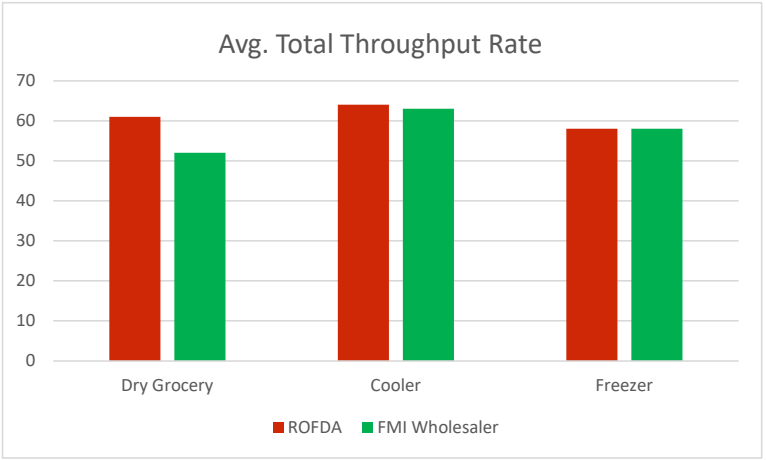
ROFDA
Retailer Owned Food Distributors & Associates

2020 YR

Department	Total Throughput		
	ROFDA - Avg.	FMI Wholesale - Avg.	% Diff.
Dry Grocery	65	53	23%
Cooler	59	73	-19%
Freezer	59	77	-24%

2021 YR

Department	Total Throughput		
	ROFDA - Avg.	FMI Wholesale - Avg.	%Diff
Dry Grocery	61	52	17%
Cooler	64	63	2%
Freezer	58	58	0%



ROFDA MEMBER 20' – 21' COMPARISON RESULTS

VARIETY LEVELS

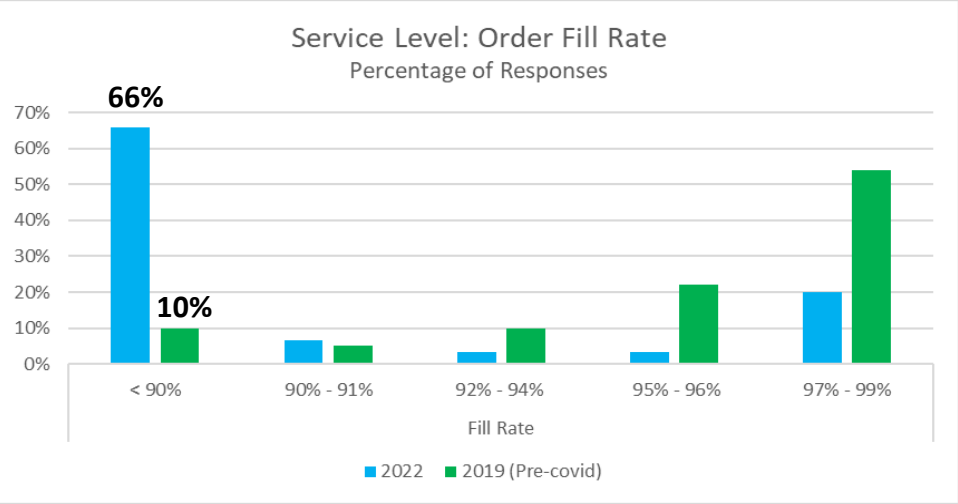
With the delay in products reaching the facility and with manufactures limiting the products they are making to keep with demand, companies are seeing a significant drop in variety

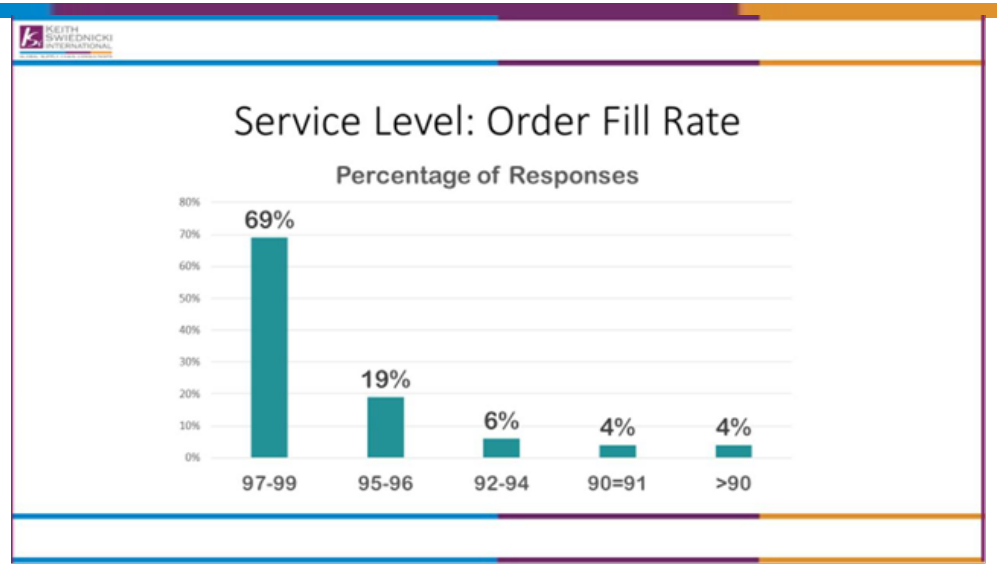
Freezer average reduction in SKUs of 7.55%
Dry Grocery drop of 12.6%
Cooler department drop of 9.85%

Will Variety Return?

Participants are split straight down the middle with 50% thinking Yes and 50% saying No

FILL RATES – SERVICE LEVELS

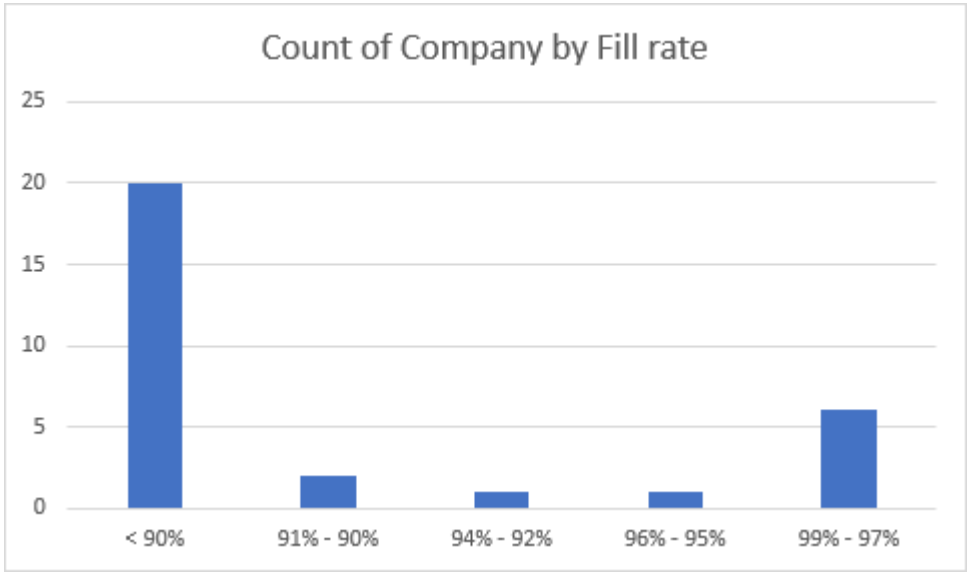




Part A Fill Rate Summary Due to Vendor Issues

raw cases shipped/ordered

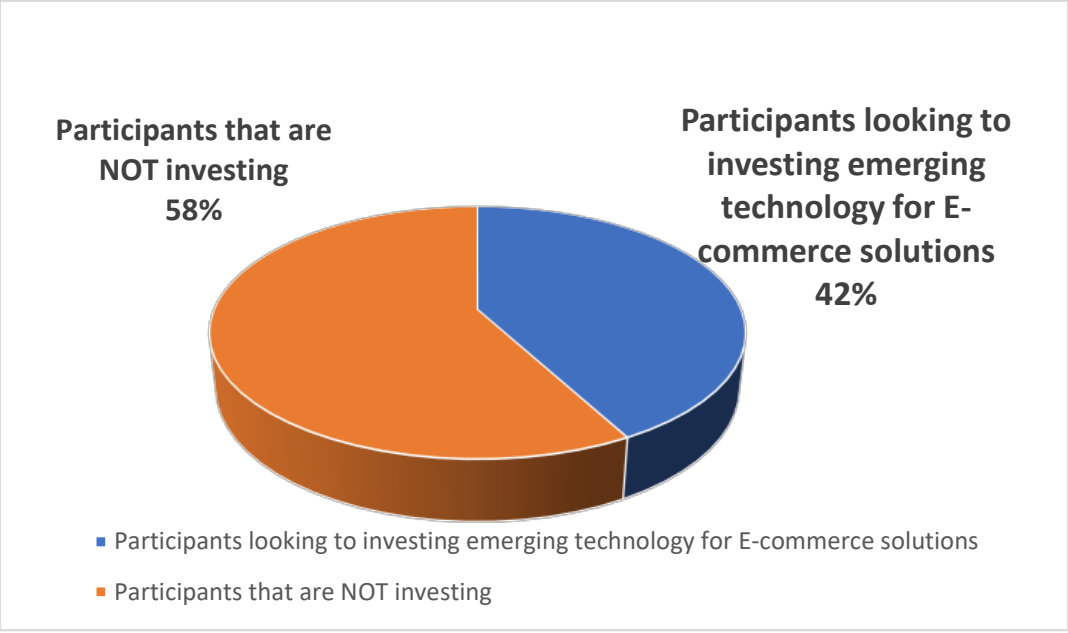
	26-Mar	2-Apr	9-Apr	16-Apr
Grocery	54.39%	55.18%	58.10%	59.70%
Fresh	86.00%	86.35%	85.49%	84.98%
Frozen	61.48%	62.64%	65.75%	65.43%

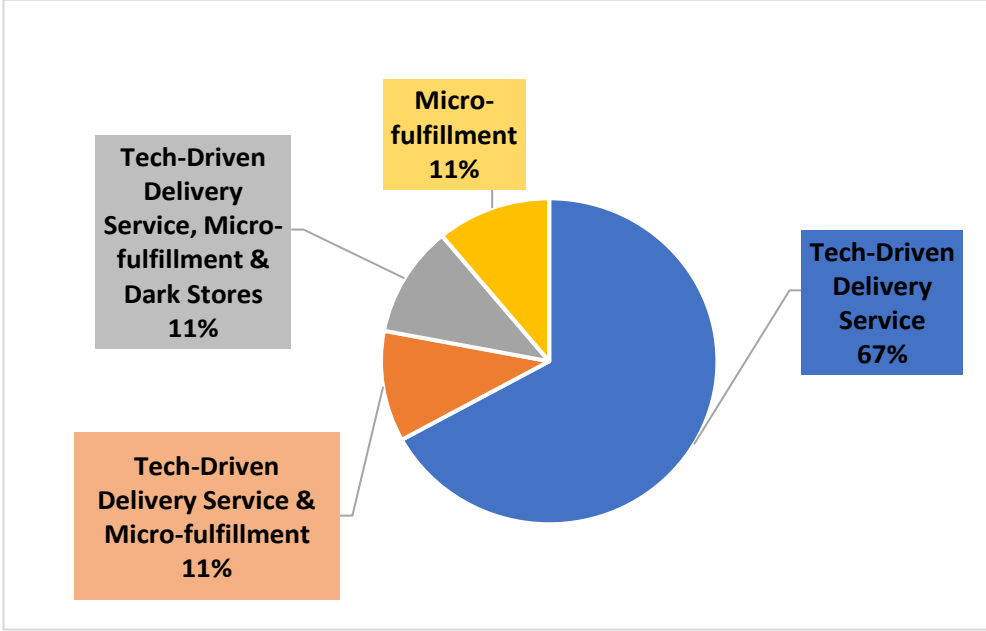


We also asked what % is due to Vendor issues?

E-COMMERCE

42% of companies are looking to seize the fulfillment opportunities through tech investments that optimize new areas (curbside pickup) and established areas (buy-online and pickup in store, shipping from store to consumer, and same-day delivery).



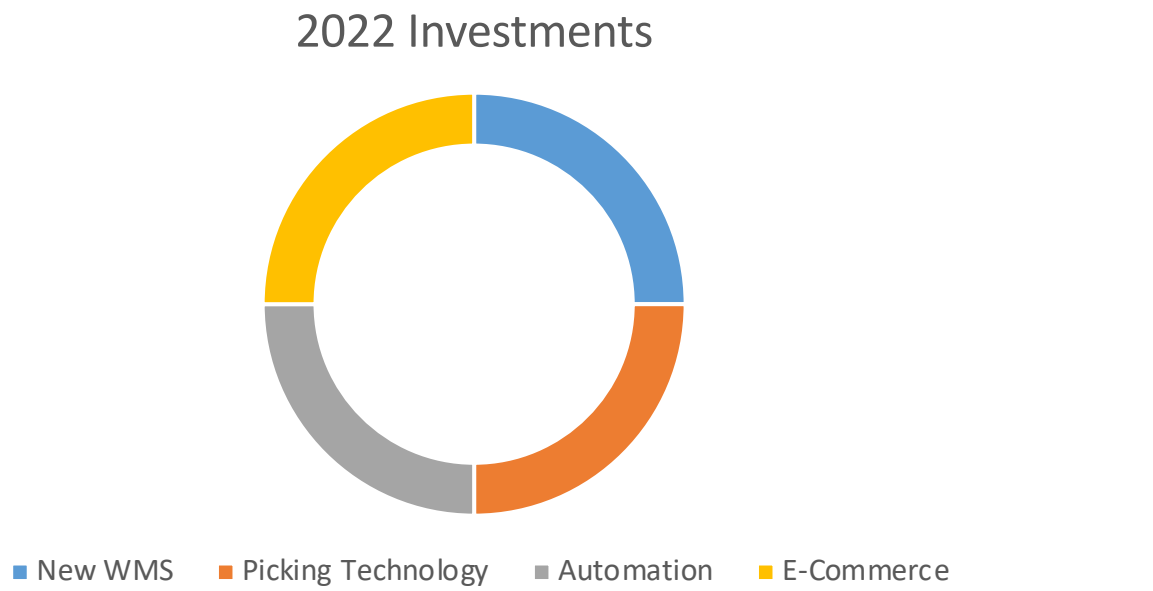


2022 INVESTMENT PLANNING

What types of new technology are companies investing in?

The more common piece of technology that participants are looking to invest in is a new WMS system. After that participants are looking into upgrading their selection process in their warehouse from introducing new picking technology such as voice to automated solutions.

Some are also looking to introduce new technology on their front end of their operations to target their customers better communication with their e-commerce.



TOP 5 DC CHALLENGES

IN JULY 2020 & OCT 2021, WE ASKED DISTRIBUTION COMPANIES WHAT ARE THERE TOP 5 RANKED DC/OPERATIONAL CHALLENGES IN MEETING THE EFFECTS OF THE PANDEMIC:

2020	2021
Top 5	Top 5
1. Staffing (Labor)	1. Staffing (Labor)
2. Vendor Fill Rates	2. Workplace Safety
3. Workplace Safety (COVID-Related)	3. Vendor Fill Rates
4. Forecasting(Supply, Demand, Inventory and procurement)	4. Forecasting(Supply, Demand, Inventory and procurement)
5. Storage/ Throughput capacity	5. Storage/ Throughput capacity

STAFFING CONT'D

Staffing challenges remains the top ranked issue over the **past 5 years surveyed**. Labor turnover continues to be a major problem

Labor Issues	2018 Survey	2019 Survey	2020 Survey	2021 Survey	2022 Survey
Labor Retention a Major Problem	88%	83%	86%	92%	82%
Associates who leave every year	35%	35%	37%	41%	35%

Some actions taken to minimize turnover:

- ✓ Reducing training/onboard time for new DC employees,
- ✓ Raising wages and increase benefits to attract and retain talent,
- ✓ Needing to bonus associates for coming to work,
- ✓ Super Staffing, higher head count to stay ahead,
- ✓ Offering signing bonuses,
- ✓ Offering education assistance programs,
- ✓ Retraining supervisors
- ✓ Reducing work week
- ✓ Increased recruiting process (looking at 3rd parties to help)
- ✓ Increased Wage Rates and incentives
- ✓ Hiring 3rd Party Labor
- ✓ Overstaffed with FMLA and trying to get enough people to stick. Close to double but more like 75% more
- ✓ Instituted "coaches" in some of our higher turnover DC's. These folks hold selector trainee's hand from day 1 – 120 to get them proficient.

Consider investment in automation where you can ~ it can make jobs easier..

STAFFING

Staffing challenges remains the top ranked issue over the past 5 years surveyed, what have they done and what are they doing?

68% of companies are Implementing a Super Staffing concept
53% are giving bonuses to associates that are coming into work

What else are they doing?

- 3rd Party Labor Supplementation
- New incentive programs, such as referral bonuses, sign on bonuses and increased social media presence
- Changing work schedules to accommodate employees (limiting number of hours worked/week)

THE GREAT RESIGNATION

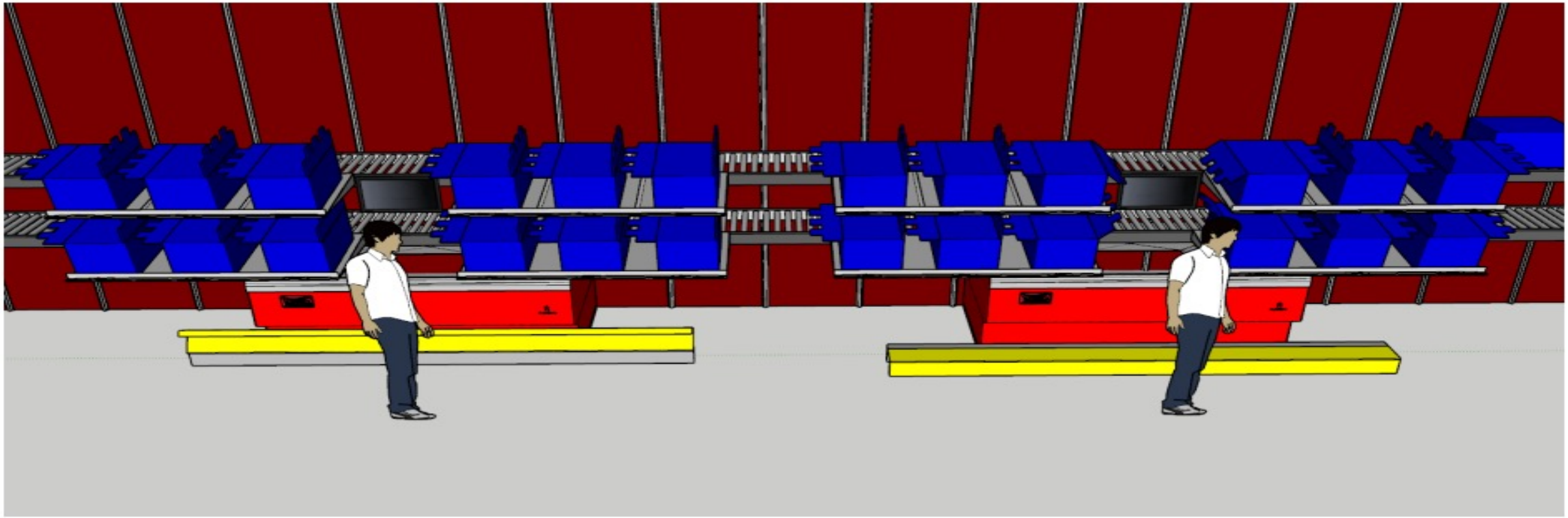
Over half of U.S. adults ages 55 and older are now retired

This group of Americans accounted for whopping 90% of the 3.6 M who left the workforce

As we contend with growing numbers of younger employees quitting, the gradual labor market recovery has also been accompanied by an increase in retirement among adults 55 and older.

G2P

Goods-to-person (G2P) is **the use of automated technologies to deliver the right item or SKU, at the right time, and to the right operator or workstation**. Goods-to-person technologies increase productivity, throughput, and labor utilization by eliminating wasted walk and search time



LONG TERM PLANS

As we prepare and adjust to the new normal, please rank your most important long-term strategic plans?

Most participants will look to rethink into operational changes to accommodate people, product and safety within your facilities, which leads perfectly with the 2nd more important which is re-evaluating operational focus

Mobile lead times (Raymond sourced)

PJ's at 52 weeks
RT's at 80 weeks
OP's at 100 weeks

Therefore, you need to plan 2 yrs or more out and place orders now to get new or replacement equipment. You can have existing high maintenance equipment rebuilt in 8 weeks as an option, or get used and/or rental equipment, but there isn't much available...seek out different suppliers…

SUPPLY CHAIN DISRUPTERS

My humble opinion, based more on opinion than facts

DO SKU'S AND RECEIPT SIZE IMPACT THE AUTOMATION ARGUMENT

*Sku growth changes (or reduction in the pace of Sku changes) and small Sku receipt size (less than full pallet) impact the automation argument. If anything, these two disrupters and the rising cost (and lack of availability) of labor **supports** automation solutions.*

The key question is to implement automation solutions that are not dependent on pallet size configuration but rather focuses on efficient case movement, sortation, storage, and retrieval designed to consumer demand (movement).

Automation that facilitates touch less case movement (robots for handling, case sortation for storage and retrieval, and pallet building capabilities) will be more feasible now than anytime in the past.

THE MILLION DOLLAR QUESTION

What solutions exist to lower supply chain costs other than Automation. There are not any easy silver bullet solutions to **Supply Chain Rising Costs** (wages, fuel). Let's break it down to short- and long-term solutions.

Short term

1- Efficiency solutions. Companies should revisit their supply chain operations with a critical eye towards determine if they have the best industry practices, like; paperless/wireless technology, engineered standards and incentives, optimized slotting, etc. This is where we excel - get companies to become great at basic blocking and tackling while leveraging proven operational technologies.

2- Current cost savings technologies. Invest in proven cost savings technologies that can easily be implemented into existing infrastructure, including; energy saving/reduction system for refrigeration, motors, etc. (reduce power consumption), fuel consumption savings technologies (especially in transportation - hybrid engines, wind defector skirts, light weight trailers, electric standby reefers, etc.)

3- Optimization solutions like integrated Supply Chain management software (tightly connected Procurement, WMS, TMS), slotting software, scheduling solutions, transportation routing, etc.

Long term

1) Automation - Hybrid or Full
2) Autonomous/AMR warehouse material handling equipment
3) Autonomous transportation
4) Solar power (warehouse roof top solar panels).

TECHNOLOGY INVESTMENT

SKU Velocity				ORDER LINES PER HOUR											
A	B	C	D	0	100	200	300	400	500	600	700	800	900	1000	COST
X	X	X								AUTOMATION- SORTATION, SHUTTLE, ETC					HIGH
X	X	X	X				GOODS TO PERSON / AMR GTP								MED-HIGH
X	X	X				PICK TO LIGHT									MED-HIGH
X	X	X			VOICE PICKING										LOW-MED
X	X	X			VISUAL PICKING										LOW-MED
		X	X	RF PICKING											LOW-MED
		X	X	PAPER PICKING											LOW
TYPICAL MHE				RACKING - CARTS/PJs			PICK MODULE / CONV		AUTOMATED SYSTEMS						

	RF Scanning	Voice Technology	Pick-to-Light	Goods to Person (GTP)	AMR Goods to Person
Optimal Applications	• Picking in Low Density Areas • For Data Gathering Needs • Other Functions – forklift, etc.	• Picking Full & Split Case • Picking in Coolers/Freezers • Picking Heavy Products • Other Functions – forklift, etc.	• Picking in High Density Areas • Split Case • Retail - Put to light	• Picking in High or Low Density Areas • Split Case • Product must fit in typical bin	• Picking in High or Low Density Areas • Split Case / Full Case • Product must fit in a 4' x 4' rack/cart
Software Included?	• No	• Yes – Directed Operations	• Yes – For Directed Picking	• Yes – For System	• Yes – For System
Accuracy: Gross Error Rate	• 5 errors per 1,000	• 0.2 to 2 errors per 1,000	• 3 errors per 1,000	• 1 error per 1,000	• 1 error per 1,000
Pick Productivity	• 50 – 250 lines/hour	• 100 – 300 lines/hour	• 100 -350+ lines/hour	• 200-450+ lines/hour	• 200-450+ lines/hour
CapEx Model	• Per Site & Concurrent Operator	• Per Site & Concurrent Operator	• Per pick location	• Per system- bots/ports/grid/bins	• Per system- AMRs/stations/racks
Pros	• Good for Data Capture • Flexible for Growth • Use with various storage types • Lowest Cost	• Good Accuracy • Eyes-Free; Hands-Free • Use with various storage types • Flexible for Growth	• Higher Productivity • System Directed Picking • Good Accuracy	• Highest Productivity/Accuracy • Densest Storage Capacity • Self-Slotting • Very Flexibile/Modular	• Highest Productivity/Accuracy • Dense Storage Capacity • Performs slotting off-shift • Very Flexibile/Modular
Cons	• Requires Eyes & Hands • Lower Productivity • Longest Training Required	• Higher CapEx • Repetitive voice commands in dense picking zones	• Zoning may cause throughput constraints / lower utilization • Requires slotting management • Requires Eyes & Hands • CapEx is above voice below GTP • Less Flexibility	• Highest CapEx • Longest Implementatin Leadtime	• Doesn't utilize vertical cube • Highest CapEx (lower than GTP) • Longer Implementatin Leadtime

THANK YOU!

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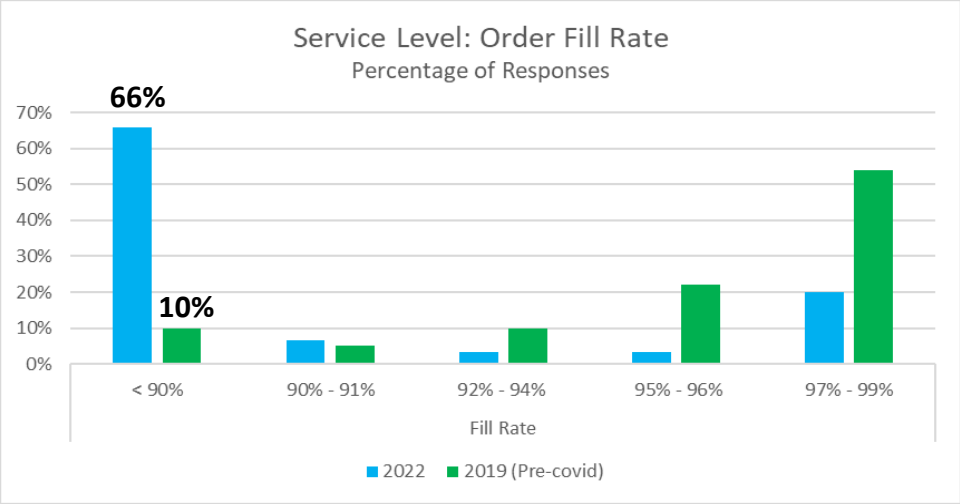
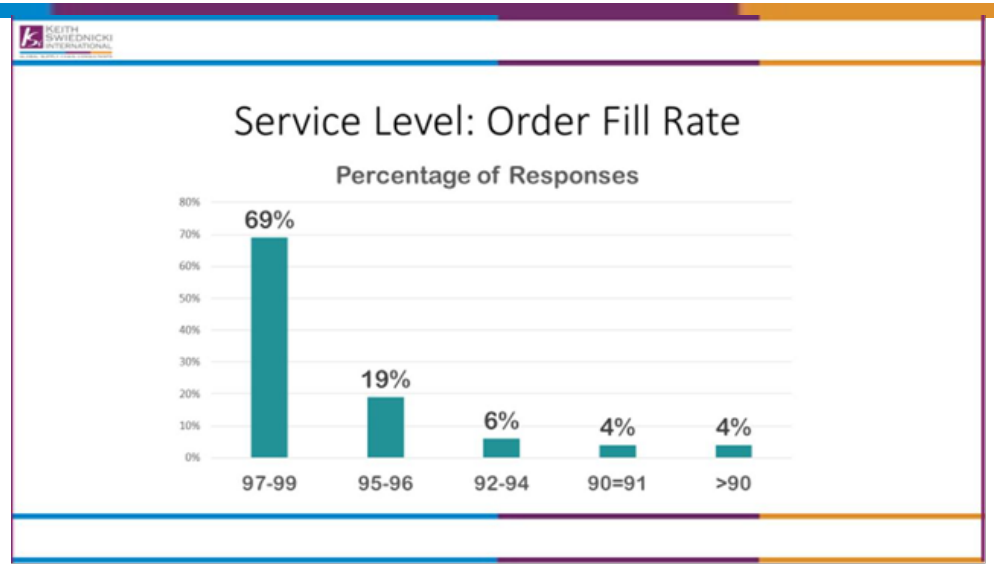
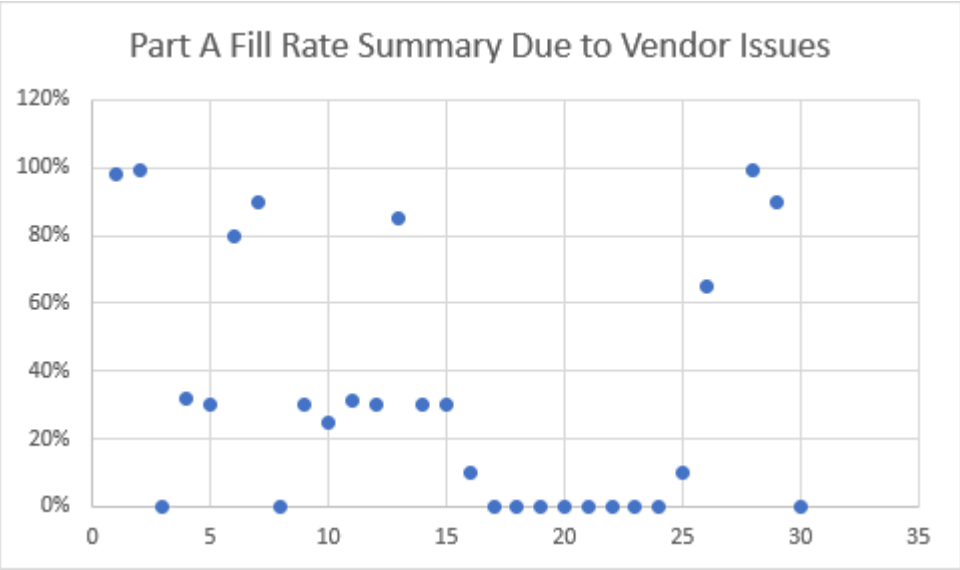
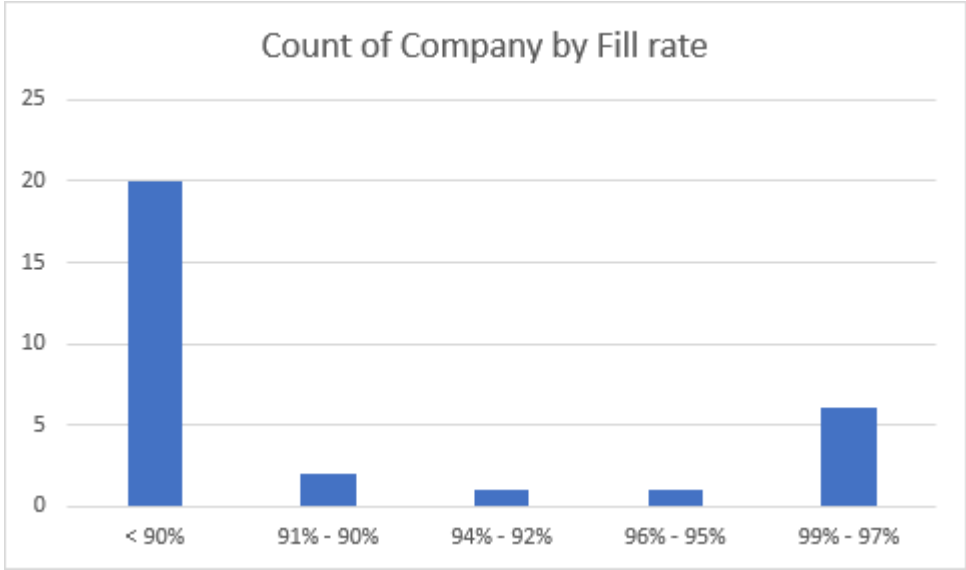
FILL RATES – SERVICE LEVELS









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