

GIANT EAGLE REDUCES COSTS

And Increases Customer Value

OPERATIONS

Headquarters: Pittsburgh, PA
Distribution Centers: 5

MANHATTAN SOLUTIONS

Transportation Planning & Execution,
Warehouse Management, Labor
Management, Extended Enterprise
Management, Vocollect Voice



CHALLENGE

Giant Eagle was using outdated batch technology and relied on multiple systems in various locations. The company needed to reduce costs and improve its customer value proposition.

SOLUTION

Giant Eagle implemented Manhattan's Transportation Planning & Execution, Warehouse Management, Labor Management and Extended Enterprise Management solutions to gain new capabilities and efficiency while reducing supply chain costs.

PROGRESS & RESULT

Inbound/outbound accuracy exceeds 99.9%; productivity improved 8-10% in Giant Eagle's health & beauty DC and 3-5% in other DCs.

"Manhattan's solutions give us the capabilities and efficiency we need while taking costs out of our supply chain."

JAMES HILZENDEGER, DIRECTOR, GIANT EAGLE

IMPROVED ACCURACY AND PRODUCTIVITY

at Giant Eagle

MULTIPLE, OUTDATED SYSTEMS CREATED BARRIERS TO GREATER EFFICIENCY AND COST REDUCTION

One of the largest food retailers and distributors in the U.S., Giant Eagle is the number one supermarket retailer in its region with 221 supermarkets and 140 fuel and convenience stores throughout Pennsylvania, Ohio, West Virginia and Maryland. Each store carries between 20,000 and 60,000 items, more than 7,000 of which are offered under the company's own brands program.

Giant Eagle operates five distribution centers located throughout its service area—ranging from 90,000 to 800,000 square feet—and was using outdated, batch technology with multiple systems in several locations to run its supply chain operations. Basically, Giant Eagle had maximized its capabilities and the costefficiency that could be achieved with its current systems. The company wanted to find a single vendor that could meet all of its supply chain requirements and accommodate advanced functionality, including flow-through order processing, put-to-store picking, and expanded RF and voice functions.

GIANT EAGLE CHOOSES MANHATTAN FOR SOLID UNDERSTANDING OF GROCERY INDUSTRY

Giant Eagle initially interviewed more than 10 companies in its quest for the best solution. Four vendors made the final list and Giant Eagle required a detailed demonstration from each finalist. Hilzendeger explained, "We wanted to work with a supply chain company that had a solid understanding of our industry and could grow with us. We needed to feel comfortable that they could come in and partner with us to develop the grocery-specific functionality we needed."



According to James Hilzendeger, Director of Giant Eagle, "Bottom line, we needed to continue to reduce costs and improve our customer value proposition. We use the Toyota Production System methodology, which considers customers, quality and people in an effort to increase overall operational efficiencies. Manhattan's warehouse and labor management solutions are a big component of this strategy."

MANHATTAN AND GIANT EAGLE CO-DEVELOP ADVANCED GROCERY-SPECIFIC CAPABILITIES

The implementation strategy was to go live with Warehouse Management and Labor Management at the most complex facilities first, then to roll out the solutions to the other facilities.

A dedicated Giant Eagle and Manhattan team co-developed a number of advanced grocery-specific capabilities, including enhanced code dating, advanced directed putaway options, realtime tasking and put-to-store functionality. The solutions' realtime capabilities enable replenishment priority bumping, which ensures product is at the pick slot at the right time, reducing skipped picks or order shorts and eliminating the need for followup chases.

Labor Management was a necessary component of the go-live for every facility given that some labor standards were already in place. Additionally, through the integration provided by the Manhattan solution, Giant Eagle can more effectively utilize all the capabilities of its Vocollect Voice system.

Today, Giant Eagle uses the Manhattan solutions to run all operations in its five distribution centers, including RF receiving, directed putaway, directed replenishment using the priority bumping capability, voice selection, RF loading, put-to-store, trading partner management, labor management and advanced reporting.

“With real-time capability provided by the Manhattan solutions, we’re able to capture and analyze the time required for each step of the distribution process. These improvements will enable us to increase throughput and ultimately reduce our inventory investment and space requirements.”

INBOUND AND OUTBOUND ACCURACY EXCEEDS 99.9%; LABOR PRODUCTIVITY RISES 8-10%

Since implementing the solutions, Giant Eagle has improved accuracy in inbound and outbound receiving. “In the past, items were often mislabeled. Now we are 99.9% correct on LPNs and receive the right items in our warehouses,” said Hilzendege. In addition, the company has reduced the number of mis-shipped totes to zero. Totes transport a number of small products such as health and beauty items to Giant Eagle’s stores.

Giant Eagle has doubled the number of direct labor hours on a labor standard, resulting in significant gains in productivity. Hilzendege explained, “We now have the majority of direct labor hours used on a labor standard, which has improved productivity eight to 10% in our health and beauty care distribution center.” Other facilities have seen a 3-5% increase in productivity.

Using the supplier enablement capability of Extended Enterprise Management, Giant Eagle receives data electronically for each LPN/pallet for automated code/date tracking, lot tracking and tracking for country of origin. In addition to enhancing overall tracking, these capabilities have streamlined receiving and improved the recall process.

Giant Eagle plans to keep reducing time to replenish store shelves, time from order placement to delivery to the distribution center, and time from the vendor to the distribution center. Hilzendege said, “With real-time capability provided by the Manhattan solutions, we’re able to capture and analyze the time required for each step of the distribution process. These improvements will enable us to increase throughput and ultimately reduce our inventory investment and space requirements.”

“The grocery business across the U.S. is either flat or experiencing single-digit growth. We’re growing at a much faster rate than the industry overall and wanted to support our growth without adding brick and mortar. The functionality provided in the Manhattan solutions gives us the capabilities and efficiency we need while taking costs out of our supply chain.”