



Regional Grocery Chain Guided to Over \$6 million In Annual Cost Savings.

“Hitachi Consulting met our challenges and diffused our hesitations by producing valuable measurable results. Our first experience with a consultancy was positive because of Hitachi Consulting’s passion for our business, commitment to work with us and ability to deliver on promises.”

-Client Executive



C Case Study: Regional Grocery Chain

Business Challenge

The client is a self-distributing grocery chain in the Southwest with 74 full service stores, 15 gas stations and revenues of \$850 million. Facing a competitive retail market, the company decided to reexamine its cost structure to increase profitability. It realized the significance of escalating store labor costs and hired Hitachi Consulting to help them reign in these costs.

The Solution

The team included consultants with a total of 30 years in grocery store operations experience and significant knowledge of labor effectiveness, industry best practices, operational efficiency and developing labor standards. Hitachi Consulting began the project with an assessment of a 54,000-square-foot model suburban store. There were two competing supermarkets in the area and sales in the model store had been declining. Hitachi Consulting evaluated business practices relating to receiving, stocking, conditioning, and back-stock handling in the grocery department, as well as checker and office cashier practices.

The project success was due in part to the approach Hitachi Consulting took to building relationships with the stores employees.

The team interviewed checkers and facilitated action team meetings in order to understand the issues faced. The consultants observed the checkers at work and watched for inefficiencies that could be eliminated with task reengineering and retraining. This detailed process of learning the client’s business built a strong foundation for the future success of the project. It also allowed the consultants to assess the employee's willingness to participate in change, which is critical to the acceptance of process improvement projects.

Hitachi Consulting implemented initiatives in the grocery department including stock crew productivity tracking, a new sorting and stocking method, a modified shelf conditioning program, a stock crew scheduling tool, new back stock handling procedures and an improved backroom layout.

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The team also implemented vendor management, a more efficient back-door receiving schedule, enhanced job definitions, updated roles and responsibilities, functional accountability and an inventory management program.

Hitachi Consulting also increased the productivity of all checkers. Part of the increase was due to reengineered checker tasks and part was attributed to a reduction in bottlenecks. The team then applied best practices to the balancing and reconciliation tasks in the cash office, which resulted in a reduction of hours spent in the cash offices and the customer service booths.

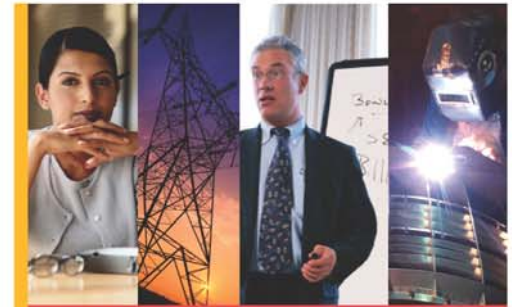
The relationship built between the consultants and the client's employees was an important factor when implementing changes. The employees knew that Hitachi Consulting understood their work and were willing to try new processes and work methods. The stores employees were accepting of the changes because they had played a significant role in their design and development.

After successfully demonstrating the benefit of the initiatives in the model store, the client approved the launch of the concepts in all its stores.

Business Benefits

With these plans in place, the stores achieve higher productivity and have reduced the scheduled hours associated with routine tasks. At the end of the project, the client measured a reduction of between 9,000 and 10,000 store labor hours per week, which equated to over \$6 million dollars in annual labor savings. In addition, the implemented cash controls increased the manager's involvement in daily cash operations and reduced cash shortages by approximately one third. Customer satisfaction has improved due to the increase in checker satisfaction from job reengineering.

"The Hitachi Consulting team reduced the overall risk for us by creating a unique project plan to meet our challenges. We worked well together and believe their expertise and depth of knowledge in our industry made all the difference." - Client Executive



About Hitachi Consulting

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies across many industries.

We leverage decades of business process, vertical industry, and leading-edge technology experience to understand each company's unique business needs.

From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes nearly 30 percent of the Fortune 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge to our clients throughout each engagement. For more information, call 877-664-0010 or visit www.hitachiconsulting.com

Hitachi Consulting - Inspiring your next success®.

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