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Invafresh Helps Albertsons' John Ortiz Fulfill His Employee Promise to "Make Every Day a Better Day"



Invafresh Impacts



“We believe focusing on our people, customers, and communities makes for a better company.”

John Ortiz
GVP of Corporate
Retail Operations
Albertson's Companies

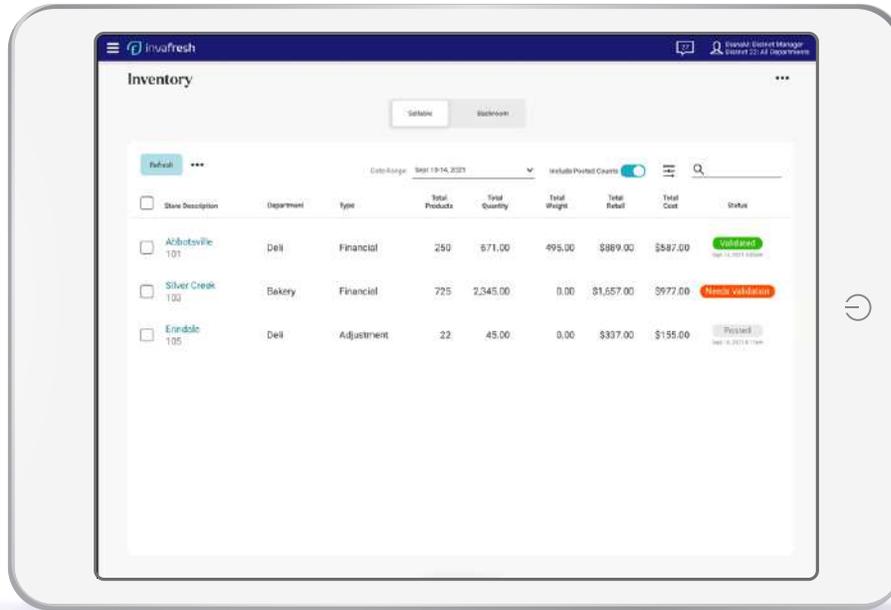
Production Planning and Financial Inventory make life “less complicated and more efficient” for store staff by streamlining inventory counts and providing a simple 1-2-3 step process for production plans. Albertsons is heavily invested in their digital transformation.

In their 2018 Analyst Day presentation, they identified eight categories in which technology will become a “competitive strength and powerful enabler.” One of their goals was to boost in-store technology to help improve inventory count and production accuracy. For this they turned to Freshology, Invafresh’s fresh item management solution.

But for John Ortiz, GVP of Corporate Retail Operations at Albertsons Companies and the man behind the project, it was about more than simply improving metrics. It was part of a personal mission. In 2017, Ortiz and his team created Albertsons’ Culture Council, whose goal is to help uphold the corporate value of making “every day a better day.”

“We believe focusing on our people, customers, and communities makes for a better company. We call this the employee promise,” Ortiz said in an interview with Hispanic Executive Magazine. “If you commit to making every day a better day, for everyone, it will make for a better company.”

The article went on to say: Albertsons’ is also implementing an industry-leading fresh item management solution to enhance daily in-store production and period-end inventory count processes, making it easier for employees to manage the perishable departments in the store. Ortiz believes that by making employee jobs less complicated and more efficient it will make their day a better day and, in turn, the customers will reap the benefits as well.



Financial Inventory

Like many supermarkets, Albertsons struggled with a very labor-intensive period-ending inventory process that was prone to human error due to manual data capture. Financial Inventory offered them features that were not previously available in the marketplace – such as eliminating manual data entry. It’s a standalone tool that exports their period-ending fresh inventory counts into their existing financial system and calculates gross margin totals.

Albertsons employees now simply select their count areas and start scanning. Per item count data are captured by the hand-held, transferred to the core software module for consolidation, and then validated and posted by Operations. Once approved, the data are seamlessly imported into their financial accounting system.

As Ortiz hoped, stores say that the new Financial Inventory tool is much easier to use and has significantly reduced errors. It’s designed to increase visibility and count accuracy, while shortening time to count.



Production Planning

Production Planning helps Albertsons manage the transformation process from raw to sellable fresh products, while maintaining their in-stock merchandising strategies. Our Production Planning tool generates accurate daily and intra-day production recommendations on a per item basis for store staff and is powered by a unique demand forecast engine, that was developed specifically for the grocery industry.

The problem with a spreadsheet-based planner developed in-house is that it can only calculate rough estimates based on sales averages and a multiplier. Staff still have a heavy manual workload to calculate the difference between on-hand quantities and estimated demand. It also doesn’t take into account seasonal variations, expected sales lift due to promotions or cannibalization relationships.

Freshology gives Albertsons store associates a simple, efficient daily workflow.



Because Freshology maintains a true perpetual inventory with correct current in-stock quantities, staff don't need to make constant updates to fix inventory levels. They just spot check, run the production report and produce.

The production plans specify the exact quantity of every item to make and the time to produce each batch. Staff have all the information they need in one place and are empowered to work independently. They also don't waste time producing product that won't sell.

Let's look at two examples of how Albertsons has used Production Planning to identify sales growth opportunities and optimize labor.

Example 1: Fresher, Always In-Stock Cut Fruit

Albertsons are known for their daily-cut fresh fruits and vegetables. Production Planning is helping them reduce waste and overproduction, especially with chunking cut fruit. It has allowed them to provide an overall fresher product.

The tool also improves labor planning by reducing overproduction of more stable, slower-moving products with longer shelf lives. If on-hand quantities will meet demand, the daily production plan will direct staff to focus on higher movers.

Over time as Production Planning gathers enough historical data, Albertsons will be able to carry out a category rationalization and adjust their cut fruit varieties to delist items that don't sell.

Example 2: The Secret Demand for Shredded Chicken

This next example turns the commonly accepted truth about rotisserie chicken on its head. The hot rotisserie chicken was the star of the HMR department and secondary products like shredded chicken were simply a by-product of the shrink management process.

Albertsons began using nested recipes in Production Planning to assess the overall demand for their chicken products. There was a greater opportunity for shredded chicken sales that they weren't tapping into, as they were only converting roast chickens that didn't sell in time.

Once the forecast algorithm was able to assess true demand, Production Planning could then recommend how many whole chickens were needed to meet rotisserie demand on the one hand, and shredded demand on the other. It's a valuable product because it has a higher margin than roast chicken. With rotisserie chickens being made specifically to be transformed into shredded, customers ultimately received a fresher product and waste was reduced.

As a case in point, one West Coast store skyrocketed from ranking middle-of-the-pack in revenue from shredded chicken to ranking first in the division, once they increased production to meet true local demand.

Conclusion

Invafresh's fresh item management solution really does make **Albertsons** employees' jobs "less complicated and more efficient" by reducing repetitive, manual data entry during inventory counts and providing easy-to-follow daily production plans. Ortiz attributes the project's success to "the numerous team members that helped build out things like the Employee Promise, Culture Council, and so much more."

