PLAN FOR SUCCESS

TOM WEST,
VP of Purchasing | Merchants Foodservice

BLUE RIDGE
FOR A MORE FORESEEABLE FUTURE

MERCHANTS FOODSERVICE

TOM WEST

VP OF PURCHASING

ABOUT US

From humble roots more than 110 years ago in south Mississippi, Merchants Foodservice has grown into the 12th-largest foodservice distributor in the United States with operations in 12 states. More than 6,000 customers trust Merchants Foodservice and its hardworking team of 800 individuals to meet their needs.

PURCHASING DEPARTMENT STRUCTURE

Merchants Foodservice operates four facilities providing 21,000,000 cubic feet of storage. Our SKU count of 18,000 keep the kitchens for our 6000 customers running. Our staff of 14 buyers have responsibilities for inventory management, service level and turns at all divisions.
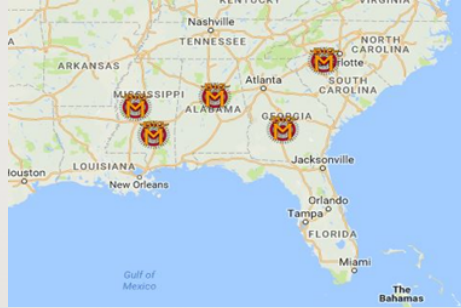
OUR BLUE RIDGE STORY

- Needs Assessment

  - On Site or Cloud

  - Features

  - Support
  - Time to Implement

  - Scalability

- Answers

  - Cloud based for the speed of implementation and lower need to engage local IT personnel.

  - Seasonal trend analysis, reduce manual labor in current environment, support growth without expanding facilities, increased forecast accuracy, improve analytics and reporting,

  - Work with a company that provides support beyond the product

  - Need for speed! Big business on the way…would have been difficult to handle the new business under the old system without additional staff

  - Long term plans to expand geography; need for system capable of supporting our growth.

MANAGING CHANGE

- Our old system didn't provide a lot of oversight into the buyer's actual buying activities. With SCP, we were able to see all habits, good and bad, and manage improvement. Visibility provided robust reporting tools that enable us to focus on areas to gain constant improvement.
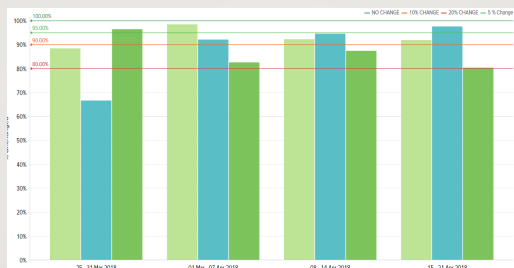
	Buyer	COUNT	S.L. ACHIEVED	S.L. GOAL	S.L. DIFFERENCE
1	Andrew Hoang	692	99.95%	99.74%	0.21%
2	Bob Mohamed	1562	99.79%	99.66%	0.13%
3	Dawn Bond	1125	99.44%	99.72%	-0.28%
4	Dennis Kirk	742	99.85%	99.67%	0.18%
5	Doug Estes	1601	99.91%	99.74%	0.17%
6	Jon Churchill	1144	99.80%	99.70%	0.09%
7	Micki Turner	1918	99.19%	99.64%	-0.45%
8	Rodney Gonzales	583	99.86%	99.70%	0.16%
9	Sandee Colburn	1009	99.75%	99.70%	0.04%
10	Steve Graham	133	97.26%	99.65%	-2.38%
11	Steve Kemp	2112	99.66%	99.63%	0.02%
12	TC Coward	754	99.80%	99.64%	0.17%
13	Terry Putnam	1405	99.49%	99.68%	-0.19%
14	Tim Lawing	2188	99.49%	99.65%	-0.15%
	Grand Summary:	16968	99.70%	99.68%	0.01%
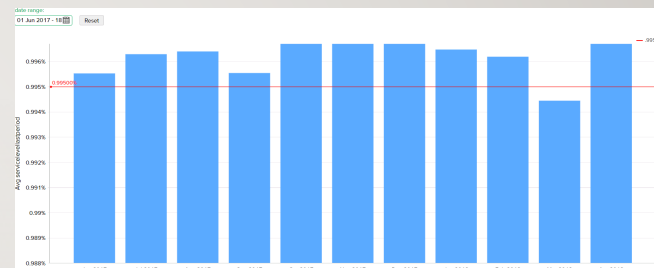
|	Buyer	MISSED SERVICE	IS NEW?	HAS PROFILE?	UPDATEDMANFCST?
1	Andrew Hoang	6	0	0	0
2	Bob Mohamed	22	2	1	5
3	Dawn Bond	26	1	0	3
4	Dennis Kirk	23	8	4	4
5	Doug Estes	13	0	0	0
6	Jon Churchill	18	0	0	1
7	Micki Turner	44	0	4	2
8	Rodney Gonzales	16	0	8	0
9	Sandee Colburn	29	0	5	2
10	Steve Graham	6	0	0	1
11	Steve Kemp	37	3	0	18
12	TC Coward	31	0	16	22
13	Terry Putnam	43	0	3	2
14	Tim Lawing	33	0	3	6
	Grand Summary:	347	14	44	66

MANAGING CHANGE

- After our Go Live date, we set a goal to increase the percentage of PO's produced in SCP each financial period to gauge how buyers were acclimating to the new environment. First trimester was 50%, second was 75% and third was to be over 90%. We still measure this today to insure they're sticking with it.

| Buyer	Clarity PO's	All PO's	%	# Of Items	Items Received	Cases Received
2	61	68	90%	533	429	35166
3	54	56	96%	249	231	35400
4	68	76	89%	436	487	39593
6	55	66	83%	327	348	48312
7	42	42	100%	184	269	18263
8	44	44	100%	383	459	24599
11	17	17	100%	53	507	71874
12	28	31	90%	182	366	25513
14	57	81	70%	379	429	35131
15	52	53	98%	252	256	38902
16	15	17	88%	328	193	3927
20	33	33	100%	149	208	48836
22	39	40	98%	132	171	55584
24	66	68	97%	580	636	49872
	631	692	91%			

SERVICE LEVEL CHALLENGES

- Prior to implementing SCP, service level was a constant struggle. Our mix of business is highly seasonal and our old system relied heavily on the buyer to react to seasonal trends. With SCP seasonal forecasting features, we have enjoyed higher performance year over year.

Year over Year Service Level
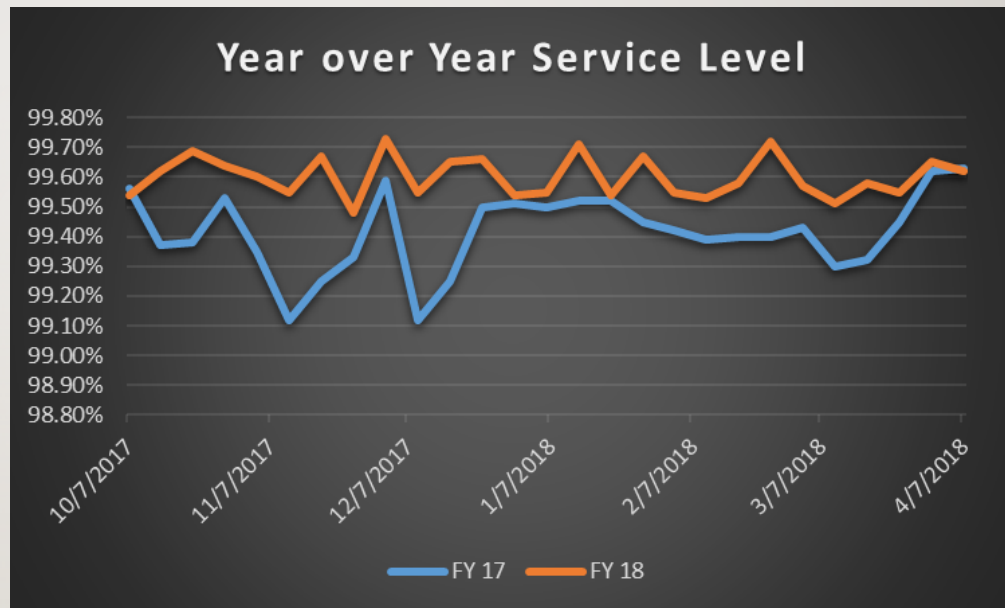
SERVICE LEVEL CHALLENGES

- Early on, we experienced below average service level on slow moving items. In order to improve this, we did some specific mass maintenance on items in the lower demand forecast ranges to provide additional safety stock. Our SKU count in the lower tiers is high so there was a strong opportunity for improvement.

SKU Count by Demand Range
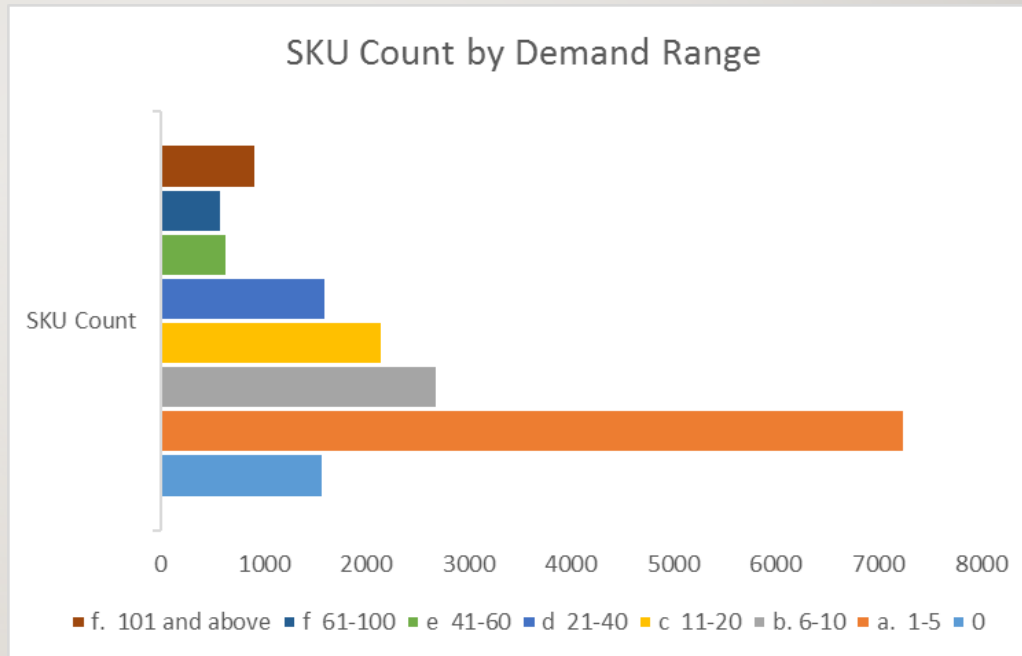
REDUCING INVENTORY INVESTMENT

- With SCP, we are able to maintain a solid service level to the customer without a huge investment in safety stock. Prior to implementation, we used significantly more safety stock to support our service level. Today, we are better equipped to reduce inventory following seasonal business declines.

Momentum Company Overstock
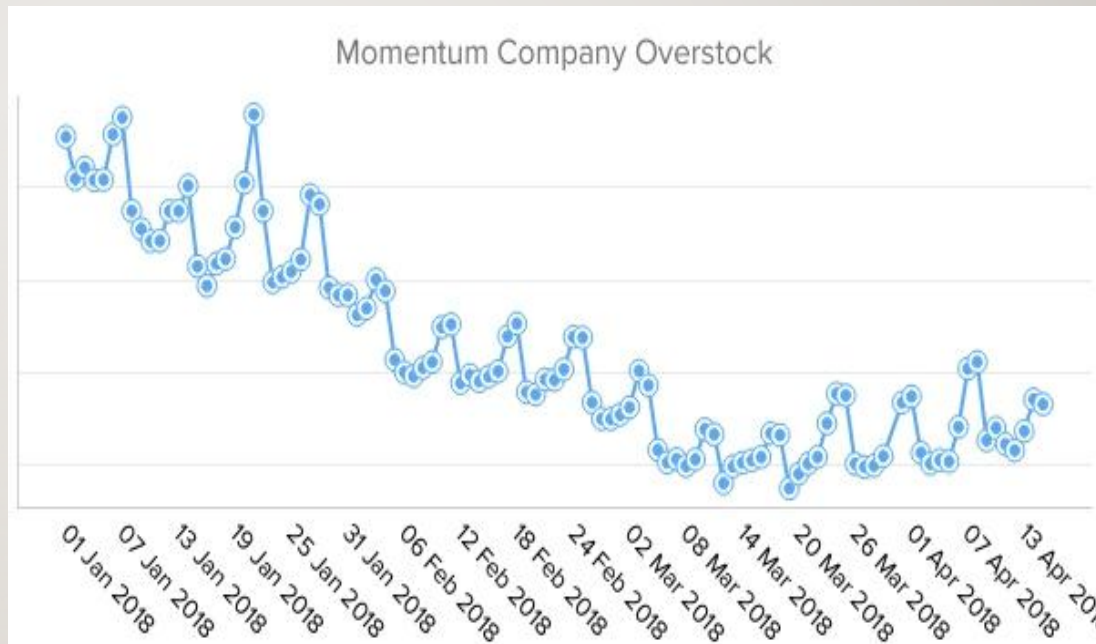
EVENT PLANNING FOR SEASONAL LIFT

- Our divisions serving the K-12 school segment require careful planning from two aspects. One, to meet the upcoming demand and second, plan for an initial inventory build that our operations teams can handle. Event Planning within SCP allows us to do this effectively.

ONBOARDING NEW CUSTOMERS

- First impressions for new customers are supremely important in our industry and it is generally measured by service level and on time delivery. In the absence of detailed line item forecast information, we were able to use SCP to create core profiles that followed the customer's business trend and plan inventory. After history is established, items are moved to individual profile.
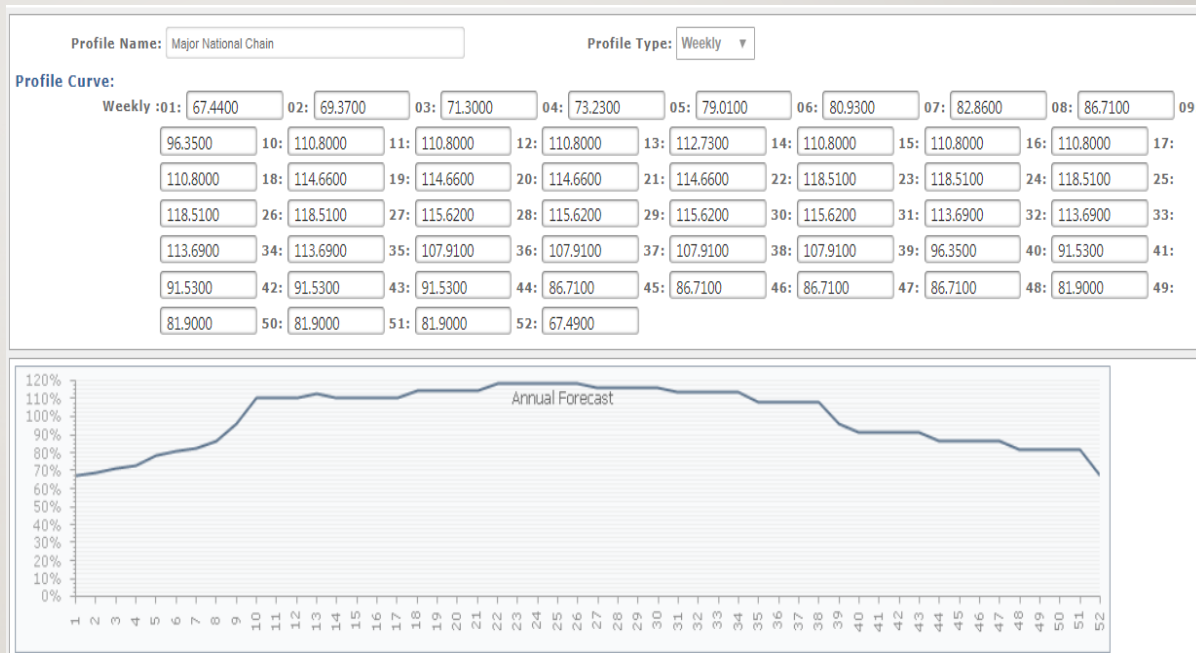
LOOKING BACK AND AHEAD

- Monitor vendor set up very closely!

- Build good habits early!
  - Work the dashboard, especially demand exceptions.
  - Alerts are everything when it comes to service!

- Encourage collaboration to grow understanding!
  - Identify proficient users & potential mentors

- Understand the Math!
  - Knowledge without understanding is useless

- Develop Performance Metrics at the user level!
  - Establish goals, monitor regularly, praise good performance.
  - Identify activities in the new environment that lead to improved performance.