Perishable Ordering

Visuals

Item No.	PLU	Description	Case Pack	Previous 4 Week	Sun 02/07 Sales	Stock On Hand	Orders	Mon 02/08 Sales	Stock On Hand	Order
68360	SCAN	ORANGES,NAVEL 4 LB	10	02/06	6.2			4.3		
				01/30	3.8			2.8		
				01/23	2.9			2.8		
				01/16	4.7			3.4		
				Average	4.4			3.3		
66628	4023	GRAPES,RED SEEDLESS IMPORTED	18	02/06	2.6		*	1.7		*
				01/30	5.0			4.5		
				01/23	4.8			2.9		
				01/16	4.9			2.8		
				Average	4.3			3.0		
66629	4022	GRAPES,GREEN SDLS. IMPORTED	18	02/06	4.4			3.7		
				01/30	4.6			3.4		
				01/23	1.2			3.9		
				01/16	3.9			3.5		
				Average	3.5			3.6		

What

Perishable Ordering refers to the ordering of Meat, Produce, and Milk/Eggs. It consists of utilizing *Perishable Order Guides* which is a tool that provides 7 days' worth of daily sales history for the previous 4 weeks on each item within the category.

Perishable Order Guides can be found on the SAL Browser → Applications → Products and Procurement

GOAL: To use the order guides and formula to make sure you are meeting expected sales demand and controlling waste without running out of stock, while still upholding our merchandising standards every day.

Why

- Ordering is the most controllable factor of driving sales, inventory management, and shrink
- Proper ordering will improve store sales by always having product available to meet sales demand and avoid excessive quantities that create unnecessary waste and shrink
- Utilizing the order guides and the ordering formula ensures we have the right amount of stock, delivered at the right time for our customers

When

- *Perishable Order Guides* are located to the SAL Browser and includes an order guide for Produce, Fresh Meat, and Milk/Eggs
  - It shows historical sales data for **Sunday - Saturday**
- All orders are placed **2 days** prior to the stores scheduled delivery dates
  - If a store receives deliveries on Tuesday, the store needs to place that order on Sunday
- As a best practice, managers should start ordering Produce/Meat at **3PM** or later, on order days
  - This ensures all backstock product is stocked appropriately and the current day sales are nearing an end for the day
  - Fresh Meat and Produce orders should be entered and submitted to the DCs by **10PM,** unless otherwise noted by your DC
- Milk/Eggs order submissions may vary by DC. Please check with your DC for additional information

How

Ordering Overview
- Ordering is an artform and it's important to find the balance between ordering excess stock and running out of stock
- Ensure you are ordering using the "truck-to-shelf" philosophy and to the "rate of sale"
  - Ordering below the "rate of sale" creates out of stocks and decreases sales

- Ordering above "rate of sale" creates a back log of inventory, compromises freshness, and creates unnecessary shrink
- All DC deliveries can be ordered as an FTL (Full Truck Load) or LTL (Less Than Full Truckload)
  - FTLs allow you to order all grocery and perishable product on one "full" truckload
  - LTL trucks allows you to submit an order with lower weight limit and cube requirements in which you may possibly split the truck load with another store
- Each load type has its own specific weight and cube limitations
- It's important to know and keep track of your weight and cube limits as you order

	min cube	max cube	min weight	max weight
LTL (formally Split)	1	850	1	21,000
FTL (formally Super Combo)	851	1,900	21,001	42,000

- It's also important to know what products you want to prioritize
- This is especially important for stores that only receive two trucks per week
- Suggested priorities in order:
  1. Produce
  2. Meat
  3. Milk/Eggs
  4. Dairy
  5. Smoked Meat/Cooler Items
  6. Survey/Ad Items
  7. Freezer
  8. Grocery/Center Store

Perishable Ordering Process Flow
- Analyze & Plan
- Culling/Date Check
- Work Backstock
- Order Sales Floor
- Review & Submit Order

Analyze & Plan	Culling/Date Check	Work Backstock	Order Sales Floor	Review & Submit Order
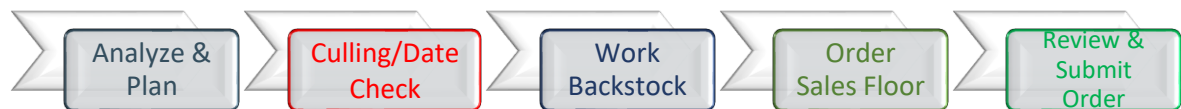
1) Analyze & Plan
- Managers should spend time throughout the week to plan & analyze orders based on expected sales
- Trust your sales history and averages but remember there are always exceptions!
  - It's important to keep in mind historical sales data only shows what you've sold, not necessarily what you can sell. Taking extra time to fully analyze and plan out the order you're about to place can avoid BIG mistakes!
- Sales/ID Loss Trends
  - Review *PLU Sales Report* – Review Sales Items by value for the last **30 days** weekly
    - ICL → Reports → PLU Item Reports → PLU Sales Report
    - Refer to the <u>ISS45 V8 User Guide</u> (Pg. 88-100) for further details
    - As a best practice, highlight the Top 10 Sales Items in green on both the Meat & Produce Order Guides and Top 5 in Milk & Eggs
  - Review *ID Loss Store Detail Report* – Review Top ID Loss items by value for the past **7 days** weekly
    - SAL Browser → Applications → Markdown → ID Loss → Store Detail Report
    - Refer to the <u>SAL Browser User Guide</u> (Pg. 108-110)
    - As a best practice, highlight the Top 10 ID Loss Items in yellow on both the Meat & Produce Order Guides and Top 5 in Milk & Eggs
- Seasonality/Weather
- Day of Week
- Schedule & Planning of Delivery Load
- Time of Month/EBT Release Schedule

- Ad Events/Item Cannibalism
  - "Item Cannibalism" is when items on sale effects a similar item's sales temporarily
    - Ex. An ad on T-Bone Steak may drop Ribeye Steak sales
- Upcoming planogram/assortment changes
- Survey & Promotions Planning
  - Managers should analyze survey quantities scheduled for their store on a weekly basis and adjust the quantities if necessary
  - Use the *Survey System* to fill loads with survey items and balance load schedules
  - Use the *Planning Report* to make decisions in helping plan current survey quantities on orders over the next two or six weeks
  - Use the "Review" Promotions Screen on SAL Browser to quickly review pre-surveyed product to which you have committed quantities
    - Refer to the SAL Browser User Guide (Pg. 206 & 233-245) for more details

2) Culling/Date Check
- Culling is the grading and removal of bad quality product that is not suitable to sell to our customers
- This needs to be completed in Produce and Meat before backstock is worked onto the sales floor and an order is placed
- As a best practice, setup a cart with boxes to collect items to be discarded while walking the aisles
- As a best practice, the entire Produce department should be thoroughly culled at least three times per day and should coincide with your ID Loss Process
- Once all product is culled, straighten department and make a list of backstock product needed to fill low/empty holes
- A date check is the process of verifying that all product on the shelves are within their best before date and are suitable to sell to our customers
- Before open, in detail, look through all Milk & Eggs products, collect any expired items to be discarded
- This needs to be completed in Milk & Eggs before backstock is worked onto the sales floor and an order is placed to ensure stock-on-hand counts only include sellable products
- Products that will expire before the next truck need to be EXCLUDED from the inventory counts

3) Work Backstock
- Work backstock prior to writing an order to ensure all inventory is accounted for and the backroom is organized when an order is written
- When done working all backstock, write down remaining backstock quantities onto the order guide in the right-hand side of the "Stock On Hand" column

4) Order Sales Floor
- The column of the day of delivery should be used to write the Inventory and order quantities
  - i.e. If ordering on a Monday for a Wednesday delivery, write Inventory and order quantities on the Wednesday column
- While on the sales floor, start counting inventory to the nearest ½ case and write this number in the "Stock On Hand" column of your order guides
- Order Formula: **Expected Sales – Inventory = Order Quantity**
  - Expected Sales is the total combined sales of an order period:
    - Day After the Order Day THROUGH the NEXT Scheduled Truck
    - The expected sales order period consists of the sales demand between the order day and next scheduled truck PLUS an extra buffer day (delivery day) to ensure product availability (late deliveries, an unexpected spike in sales, etc.)
    - i.e. If ordering on Monday for a Wednesday delivery and the next scheduled truck is on Friday, the order period to calculate is Tuesday THROUGH Friday
  - Inventory is the total inventory stock on hand in case quantity in the backroom, sales floor, and product In-Transit (if truck is received after SOH counts are recorded)
  - Order Quantity is the number of cases to be ordered after calculation of the formula is completed (any survey quantities need to be subtracted from the result, if applicable)
- After the formula is calculated, it is recommended to round up to the nearest case

6 days of expected sales

- **Understanding the *Perishable Order Guides***
  - o The 4 weeks sales "average" row is not the "catch-all" for every ordering period and scenario
    - ▪ Keep in mind, this number is an average of a 4-week period, but not all weeks of the month are always the same
  - o Previous Ad items, which are shaded in grey, can inflate the average sales for that week
  - o Items that were previously out of stock can greatly deflate the average sales for that week
  - o The top side of the "Order" column will be pre-populated and consist of the total of all survey (PPQ) case quantities expected that delivery day and should be subtracted from the calculated order quantity

5) Review & Submit Order

- ALL orders should be reviewed and submitted by the SM or ASM
- Orders should be reviewed to ensure that they are accurate, examples include:
  - o No keyed input errors on order quantities
  - o No item codes incorrectly keyed
- Meat & Produce orders should be placed by **10PM** each order day
- Milk/Eggs order submissions may vary by DC. Please check with your DC for additional information

Top Tips

- Help stock out a Perishables delivery that you ordered two days prior and review how you did:
  - o Walk the sales floor; take note of low/out of stock (OOS) items
  - o Review Stock Outs list from the e-invoice
  - o Adjust subsequent orders to accommodate any findings (i.e. Rate of sale changes)
  - o Use this practice as a learning tool to improve ordering accuracy on the next order
- Ensure Top 10 ID Loss & Top 10 Sales are highlighted on the order guides **every week** after you print them
- Review Survey & Promo Planning Reports **every week**:

- o Utilize the *Survey System* and *Planning Report*
- Trust the sales history and averages but remember there are always exceptions! It's important to keep in mind the data only shows what you've sold, not necessarily what you can sell
- Take the time to properly prioritize, balance, and plan your loads
  - o What size truck should you order for? What about the next truck?

- Keep a close eye on product shelf life when bringing in large quantities
  - o Utilize the *Perishable Store Receiving & Shelf Guidelines* on the document repository to assist with ordering and request credit on closed dated products that were delivered, if needed

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Tool Kit

- *Perishable Order Guides*
  - o *Fresh Meat*
  - o *Produce*
  - o *Milk & Eggs*
- SAL Browser
- Black & Blue Pen
- Green & Yellow Highlighter
- Calculator
- Top 10 Sales – *PLU Sales Report*
- Top 10 ID Loss – *ID Loss Store Detail Report*
- *Survey System*
- *Planning Report*

Reference Material in the Document Repository:
- Perishable Ordering - Training PPT
- Milk & Eggs Order Guide SOP
- Ordering Formula Guide T, F
- Ordering Formula Guide Su,Th
- Ordering Formula Guide M, W, F
- Ordering Formula Guide – Blank
- SAL Browser User Guide
- ISS45 V8 User Guide