



CASE STUDY: HANNAFORD

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- SVP and CIO, Hannaford Supermarkets

Hannaford Improves Merchandising, Safety, and Performance with Reflexis

Founded in 1883, Hannaford operates supermarkets and combination food and drug stores in Maine, New Hampshire, Massachusetts, New York, and Vermont. The company began when Arthur Hannaford opened a small shop on the waterfront of Portland, Maine to sell high-quality produce. Arthur’s brothers, Howard and Edward, joined the business in 1902 and incorporated as Hannaford Bros. Co.

Over the years, Hannaford expanded its grocery wholesale and retail business in the Northeast U.S., and in 1971, the company generated \$1 million in earnings for the first time. In 1987, Hannaford sales were more than \$1 billion; by 1997, sales exceeded \$3 billion. The merger with Delhaize America (completed in 2000) allowed Hannaford to continue to operate as a separate business while becoming part of a \$17 billion company (as of 2008). In 2006, Hannaford opened 14 new stores -- at the time the most in a single year for the company -- and expanded its pharmacies to 120 stores. As of June 2008, more than 27,000 associates were employed at the company’s 165 stores, which averaged 48,400 square feet.

As a full-service supermarket operator, Hannaford strives to create an outstanding shopping experience that provides high quality products, exceptional service, and great value. Because good customer

service is essential to an overall positive experience, Hannaford invests in store associate training programs and provides opportunities for growth and advancement. With the company’s focus on providing a great overall consumer experience that involves knowledgeable and dedicated store associates, it should not be a surprise that Hannaford is recognized throughout the grocery industry as a leader in workforce optimization. In 2006, the company determined it should build upon the labor scheduling tool that it already had in place by adding a task management solution to ensure the consistent execution of its retail strategy in all of its stores and pharmacies.

Hannaford Supermarkets at a Glance

Number of Stores: 165
Number of Associates: 27,000+
HQ: Scarborough, Maine
Banners/Solutions Implemented:
Hannaford Supermarkets (Task Manager, StoreWalk, KPI Activator)
Sweetbay Supermarket: (Task Manager)

Hannaford wanted to make sure tasks related to important initiatives in the areas of merchandising, new product introductions, product recalls, and food safety audits were correctly assigned and completed in all of its stores. In the second phase of the implementation, the company wanted to improve its ability to quickly identify and respond to sales and operations KPIs (Key Performance Indicators).

Like many other retailers, Hannaford relied on a variety of methods including phone, fax, email, and traditional mail to send tasks and other communications from headquarters to its stores. Because anyone in corporate could send an email to practically any employee at the store level, stores were receiving thousands of emails a week. The communication overload resulted in confusion and made it hard for managers to determine which tasks had the highest priority. Managers found that their time was increasingly being spent reading, processing, and replying to emails and determining on their own which tasks had the highest priorities—time that could have been spent on the sales floor, helping customers and store associates. The company sought a system to coordinate planning, streamline communications, and ensure the consistent execution of its strategy while providing visibility into task completion and compliance levels in all of its stores.

Hannaford determined a closed-loop task management system would enable planners in the corporate office to ensure that all stores were consistently executing new product launches, promotions, operational improvements, and other key elements of its strategy. Hannaford also felt that the ability of a closed-loop task management system to provide one clear channel of communication would eliminate the inefficiencies of fax, email, voice mail, and traditional mail. The increased efficiency would allow store managers and associates to spend more time with customers, and that in turn would drive increased sales.

In 2006, Hannaford implemented Reflexis Task Manager™, the closed-loop task management system from Reflexis, to manage tasks and execute retail strategy in all of its supermarkets and pharmacies (The system was later implemented at Tampa, FL-based Sweetbay Supermarket – also part of the Delhaize Group – and its more than 100 stores in 2008.). The Hannaford implementation was completed in only 16 weeks, and that included integration of the web-based Reflexis application with other retail applications in Hannaford's portfolio. In addition to using Reflexis Task Manager™ for merchandising communications and new product rollouts, Hannaford leveraged the Reflexis system for product recalls and food safety audits.

The benefits of the Reflexis task management solution extend across multiple levels of retail management, from planners in the corporate office to store employees. Now

that it had a system to coordinate planning and optimize workloads, Hannaford created a new communication team to evaluate and control the amount of work the corporate office was sending to its stores. Reflexis Task Manager™ enables planners to coordinate their plans and prioritize tasks in alignment with company goals.

“The web-based task management system reduces the need for e-mails, calls, faxes, and the traditional mail bag to store management by placing store execution tasks and communication within a closed-loop system with superior visibility and accountability,” said Bill Homa, Senior Vice President and CIO of Hannaford at the time of the implementation. “A user-friendly calendar and control panel interface give retail execs at every level the support they need to ensure that stores execute top management’s vision in daily operations and for special promotions and product launches.”

Instead of having to read through hundreds of emails to determine what they are supposed to do, store managers receive a simple to-do list of tasks for their store or department. Task priorities are pre-assigned by corporate, eliminating doubt for store managers as to which tasks should be done first. Additionally, the solution's support for role-based task assignment enables tasks to be dynamically assigned to the right person. If an employee happens to be unavailable due to sickness, vacation, or other reason, the task is automatically re-assigned to the next available employee in the store or department with the appropriate skill level. Support for role-based task assignment also leverages Hannaford's employee cross-training programs. If the primary employee is not able to complete a task, the system can automatically re-assign



the task to another qualified employee, even one that works in a different department but has been cross-trained to work in the area that needs help.

Hannaford's store managers responded positively to the new system, according to Kerry Stevens, Director of Operations at Hannaford. "After implementing Reflexis, store managers receive only those messages and tasks that are relevant to their particular store," Stevens said. "That leads to improved execution." Stevens noted that store managers appreciated the system's ability to streamline communications and task management. Instead of getting a steady stream of uncoordinated emails, store managers and associates now view their assignments in a personalized inbox of actions. Each task includes all the information necessary for completion, including planograms for visual reference.

"Reflexis has enabled us to improve the execution of our corporate strategy where it counts the most... at the store," said Kevin Carleton, Director of Retail Automation at Hannaford. "It supports our culture, allowing our associates to be available to customers in the stores as much as possible, and it gives us the visibility we need to see if resources need to be shifted."

Task Management Drives Food Safety and Product Recall Compliance

Supermarket operators that have implemented Reflexis Task Manager™ solutions have realized similar benefits as

other Reflexis customers, such as increased effectiveness in executing new product launches or promotions. But supermarkets can realize even more value in certain areas, due to the unique challenges of the grocery industry. Of particular value to grocers is the ability of the Reflexis solutions to help preserve their customers' trust by ensuring 100 percent compliance with product recalls, including food items that pose a health hazard and must be pulled quickly from store shelves.

With Reflexis Task Manager™, Hannaford can quickly launch a product recall to all of its stores and monitor completion status in real-time. Instead of having to email or phone each store to ensure compliance, headquarters can manage by exception. If a task is not completed by a given deadline, the system sends an alert. This management by exception feature enables corporate to focus its attention where it is most needed – in the case of a recall, on the stores that have not yet pulled the product in question from their shelves.

Another area in which Hannaford is leveraging Reflexis is to boost the efficiency and effectiveness of Food Safety Audits. If a problem is identified during a store inspection or audit, a manager can use Reflexis StoreWalk™ to automatically assign corrective tasks. Because the task management application allows the embedding of best practices, the company can institutionalize its knowledge about how to respond to certain situations and ensure that the right tasks are completed at the right time, by the right person, and in the right order.

Hannaford Implements KPI Activator to Increase Sales and Improve Profitability

With the Reflexis task management solution successfully implemented, Hannaford began to work on the next phase, leveraging Reflexis KPI Activator™ to quickly identify problems or opportunities and respond pro-actively. Reflexis KPI Activator™, which was implemented in 2007, evaluates Key Performance Indicators related to sales and operations and issues an alert when a metric falls out of defined tolerance levels. An internal study at Hannaford determined the home office had been sending more than



1,400 different metrics per store, many of which had similar information. All those metrics left stores drowning in data. With KPI Activator, managers can view color-coded financial and other performance measurements specific to their role. They know exactly how well their stores and departments are performing and where they need to improve.

But the system goes beyond just sounding an alert; it can also recommend what to do in response. When the Reflexis Task Manager™ application receives an alert, it can automatically issue corrective tasks based on best retail practices embedded in the system and even schedule a follow-up inspection by managers. For example, if a department in one of the Hannaford stores doesn't meet its margin goal in a product category, the system can issue an alert and then schedule a series of pre-defined corrective tasks. In this way, the Reflexis system enables Hannaford to institutionalize operations excellence in all of its stores. Also, store managers no longer need to read through pages of reports to find out about problem areas or opportunities specific to their store or department. By eliminating uncertainty, boosting efficiency, and freeing up more time for store managers and associates to spend with customers, the new

Reflexis solutions enable Hannaford to maximize the return on the investment the supermarket operator has already made in its workforce.

Benefits of the Reflexis Solution:

- Consistent execution of new product introductions, promotions, and other merchandising activities in all stores
- Increased efficiency, streamlined communications, and optimized workloads enable store managers and associates to spend more time with customers and increase sales
- 100 percent compliance with product recalls
- Ability to manage by exception and focus attention on stores and departments that need it most
- Role-based task assignment ensures task completion by qualified employees while leveraging cross-training investment
- Ability to monitor KPIs in real time and automatically assign tasks based on best practices when metrics fall out of defined tolerances

Hannaford Implements Task Manager in Distribution Center for Supply Chain Excellence

After rapid and successful implementations of the Reflexis Task Manager, StoreWalk, and KPI Activator in its home office and stores, Hannaford determined that its supply chain could also benefit from improved execution. In 2008, the company implemented Reflexis Task Manager in its distribution center to improve performance and boost compliance in its supply chain operations.

“The Reflexis solution enables improved collaboration between merchandising and the distribution center and better execution of activities that drive increased sales, such as new product introductions,” said Kevin Carleton, Director of Retail Automation for Hannaford at the time of the implementation. “Enhanced visibility into store

delivery status enables faster response to schedule changes and late trucks. Additionally, Hannaford can now monitor compliance levels related to safety, quality control, Sarbanes-Oxley, and new employee orientation procedures. When exceptions are detected, the system can automatically assign corrective action based on best practices embedded in the system.”

The implementation resulted in Hannaford winning the prestigious 2008 Supermarket Leadership Award in the category of Supply Chain Excellence from RIS News. The leadership awards recognize supermarket operators who have combined outstanding business achievement with best-in-class IT execution.



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