

Loblaws Workforce Inspection Process Improvement Executive Summary MIE 463 - Team 17

Many traditional supply chain operations continue to be disrupted by technologies that remove barriers to entry for new players. Challenged by the entrance of these players, pragmatic adoption of technology can present retailers with opportunities to cut costs as well as to develop more efficient ways to meet customer demands. In fact, the adoption of technology need not be solely focused on the core value chain; much value can be derived through peripheral/support processes as well, as will be seen for Loblaws.

In Canada, Loblaws operates 27 distribution centers (DC), supplying nearly 1 billion units of product each year to its retail stores. Given the intricate nature of its distribution network, a robust workforce system becomes crucial to Loblaws' success. Recently, the retailer has noticed deficiencies within its workforce performance management process, and has asked the process improvement team (PIT) to investigate. Key stakeholders for the current process include the workforce performance management department, the Labour Standard Team (LST), DC managers, and DC workers.

Through the application of a structured, systematic problem-solving approach, the PIT discovered multiple process shortfalls. Key shortfalls include long process cycle time, poor output quality, lack of cross—departmental collaboration, and the absence of continuous process improvement. One of the key common denominator to these problems is the lack of process standardization. Within the current workforce performance management process, inspection schedules, inspection procedures, communications protocols, and organizational accountabilities are all unstandardized, leaving much room for errors.

Given the current process shortfalls, we looked upon innovative technologies as part of the aim to revolutionize Loblaws' workforce performance management process. Leveraging IoT technology, the PIT recommends the installation of "smart shelves" to help achieve process standardization. Using state-of-the-art sensor technology, the "smart shelves" can transmit information within each DC in real time, in turn fully automating much of the current workforce performance management process. In doing so, Loblaws can improve process efficiency, enhance output quality, facilitate cross-departmental collaboration, and achieve a state of continuous process improvement.

The recommendation to leverage IoT technology requires joint efforts across all stakeholders. There is strong indication that by implementing our recommendation, Loblaws can ensure a workforce system that is capable of supporting its distribution network at its full potential. In fact, we strongly believe our recommendation extends far beyond its original intended purpose, as it can also help push Loblaws' one step closer towards a truly integrated supply chain.