

United Cuts Bakery Shrink by 1.5% via FIM Tool

By MICHAEL GARRY

LUBBOCK, Texas — As retailers scramble for ways to cut costs in the face of a tightening economy, some operators are turning to fresh-item management (FIM) technology that gives them a better handle on the most shrink-prone area of the store — perishables.

For example, United Supermarkets, based here, which operates 48 stores across 26 markets in Texas, has been able to cut bakery shrink by 1.5% since it began using FIM applications from ADC, Tampa, Fla., more than two and a half years ago, according to Tammy Kampsula, the chain's business director for bakery.

ADC is among a growing field of vendors, including Park City Group, Agentrics, and Marketing Management, that offer systems designed to help food retailers manage the content and production of perishables and private-label products.

United is using several Web-based applications from ADC to varying degrees in its scratch bakery, foodservice, meat market and floral departments in all stores. The bakery department, which was the first to pilot the applications, employs the P-Cubed application to manage markdowns and "throwaways"; the NutriGen application to manage recipes; and the InterScale scale management system. All of the applications run at headquarters and are pushed out to the stores.

The P-Cubed system tells department managers when an



United is testing a production planning system for the bakery in two stores.

item should be marked down or thrown away, based on its freshness date. It is also used to maintain an accurate perishables inventory, decrementing items that are marked down, discarded or experience an adjustment, such as being used in a sampling program or transferred to another department. Automated reports outline by stockkeeping unit and time period the status of an item removed from inventory.

"This shows how much has been marked down and thrown away, and we can make adjustments according to that," said Kampsula. She noted that when the markdown, throwaway and adjustment module was deployed, it required only 30 minutes of training for employees, though two hours had been allotted.

Kampsula expects even greater shrink savings when the chain begins using P-Cubed for production planning in perishables departments. By forecasting demand for particular products, the system will tell department managers how much of each product to produce the

next day. It will replace a manual process of "counting products on a shelf to calculate how much to produce," she said. "That's only as good as the person recording the information."

United is close to completing an initial test of the production planning module within P-Cubed in two stores for the everyday bread and rolls category. Once the test is successfully completed, that category will be rolled out chainwide, and United will start testing another category in the same two stores. "We take our time so we know all the issues before we roll out," said Kampsula.

The production planning system will require that a perpetual inventory of items be maintained, which in turn requires "operational discipline at the store level," said Kampsula. "The information in the production plan is only as good as how we manage at the store."

The NutriGen and InterScale applications help United efficiently meet labeling requirements in regard to the listing of

food allergens. "When we build a recipe with NutriGen, allergen information is transmitted to our scales through InterScale," where the label is accurately printed, said Kampsula.

The accuracy of labels has also been enhanced by the ability of the NutriGen system to import recipe information from Microsoft Excel, "which cut down on manual entry," said Kampsula. NutriGen also gives United better control of its costs, because the system is linked to the company's item database. "This enables us to track costs for each recipe," she said.

ADC has pointed out that its NutriGen system can help with product safety because it tells the retailer which products contain an ingredient that may be the subject of a recall. "Recipe management where the ingredients used are easily traced has an impact on recall ability," said ADC in a company communication. Kampsula acknowledged that it could be used in this way to recall bread made with a particular kind of flour, for example.