

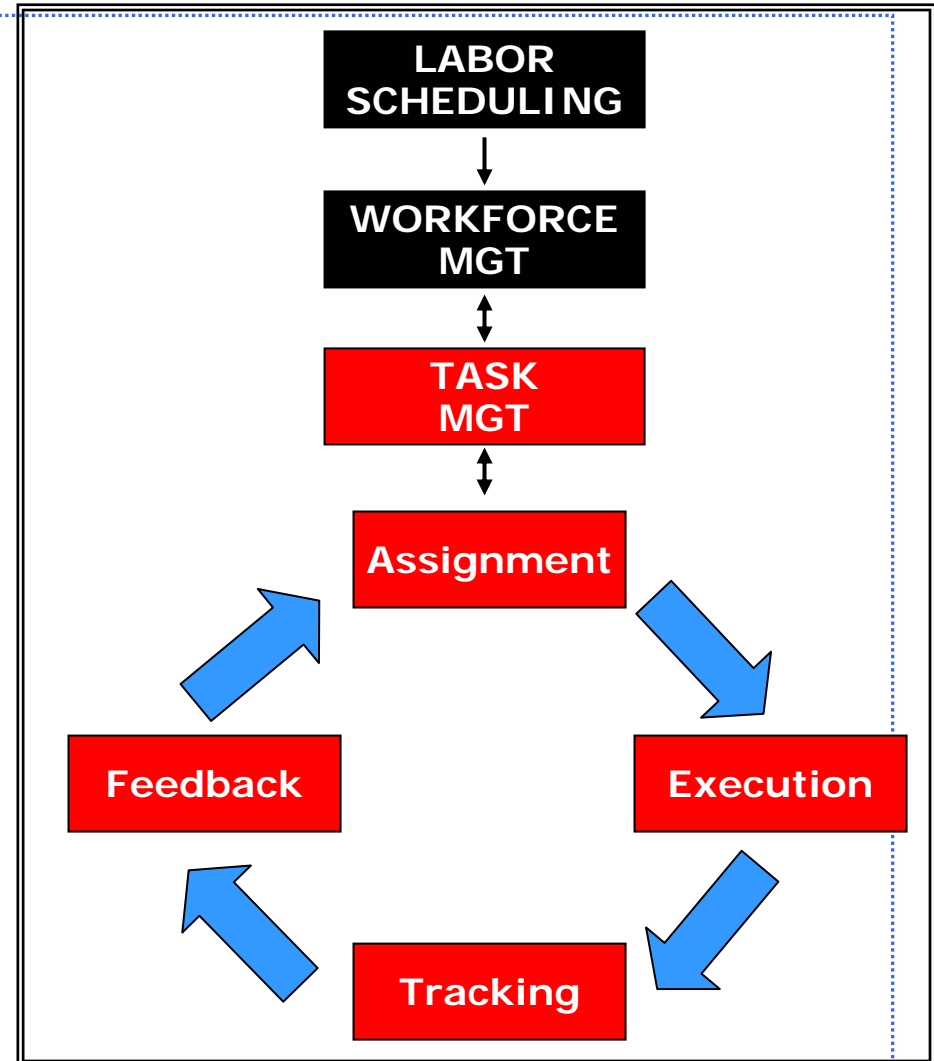
*B*USINESS *S*TRATEGY *G*ROUP INC.
Retail Optimization Services

WORKFORCE OPTIMIZATION
Workforce and Task Management



Introduction

- *Leading retailers moving beyond Labor Scheduling to more comprehensive workforce management*
- *Workforce Management incorporates Labor Scheduling, into a comprehensive retail task management and feedback system*
- *Early retail adopters experience significant increases in task compliance, customer product availability and service levels*
- *BSG's Workforce Optimization Rapid Assessment service quickly identifies the business needs and "quick win" opportunities*



- *Simplifying store operations*
- *Increasing management focus on customers service and associate growth*
- *Reducing managers' administrative workload*
- *Improving key task visibility and tracking for HQ and store associates*
- *Increasing critical and event task compliance*
- *Enabling feedback mechanism to improve overall task planning at various levels (HQ, store, etc)*
- *Decreasing out-of-stocks*
- *Improving customer facing metrics (service and satisfaction)*
- *Providing more consistency in store performance throughout the chain*
- *Metrics for associate/management reviews and performance appraisals*
- *Short/Longer term goals with a roadmap on how to be successful*



Best Practices: “The Size of the Prize”

- *Reduced store management task administration time*
 - **8 - 10 hours per week**
- *Critical task compliance*
 - **Up to 100%**
- *Number of store tasks successfully completed*
 - **30% to 40% improvement**
- *Store associate productivity*
 - **10% - 25% increase**
- *Product Availability*
 - **12% - 16% reduction in OOS**



Source: Industry Research Reports; BSG Research; Retailer Interviews

Best Practices: “The Size of the Prize”

- *Promotion/Seasonal task execution*
 - *Two to three-fold improvement in store promotional/seasonal compliance levels*
- *Promotional sales*
 - *Up to 50% sales uplift*
- *Sustainability contribution*
 - *Virtual elimination of paper processes*



Source: Industry Research Reports; BSG Research; Retailer Interviews

Monetizing the Business Benefits

- *Task management hours saved*
- *Overall task compliance*
- *Critical task compliance*
- *Number of total tasks completed*
- *Sustainability*
 - *reduction in paper forms and reports*
- *Decrease in out-of-stocks*
- *Promotional/Seasonal sales uplift*
- *Store level productivity increase*
- *Sales per customer*



Key Questions

- *How do my store('s) performance compare to my peers?*
- *Do my stores meet my customers' expectations? Are we satisfying our customer demand?*
- *Do my associates have access to the accurate information they need in a timely manner to operate effectively and efficiently to serve our customers better?*
- *Are we prioritizing store administrative and operational tasks for better productivity and customer service?*
- *Are we getting 100% compliance on critical tasks?*
- *Are there gaps in our performance?*
- *Are our perceived strengths accurate?*
- *Are we following "best practice" store operational processes?*
- *Are we executing effectively and efficiently in our stores?*
- *Do we have the proper metrics in place to insure that we can continually benchmark and improve our store performance?*

BSG Rapid Assessment Approach

➤ **Pre-Visit**

- *Operational survey completed*

➤ **Week One**

- *Key executive interviews*
- *Store Visits/Reviews*
- *Store management/associate interviews*

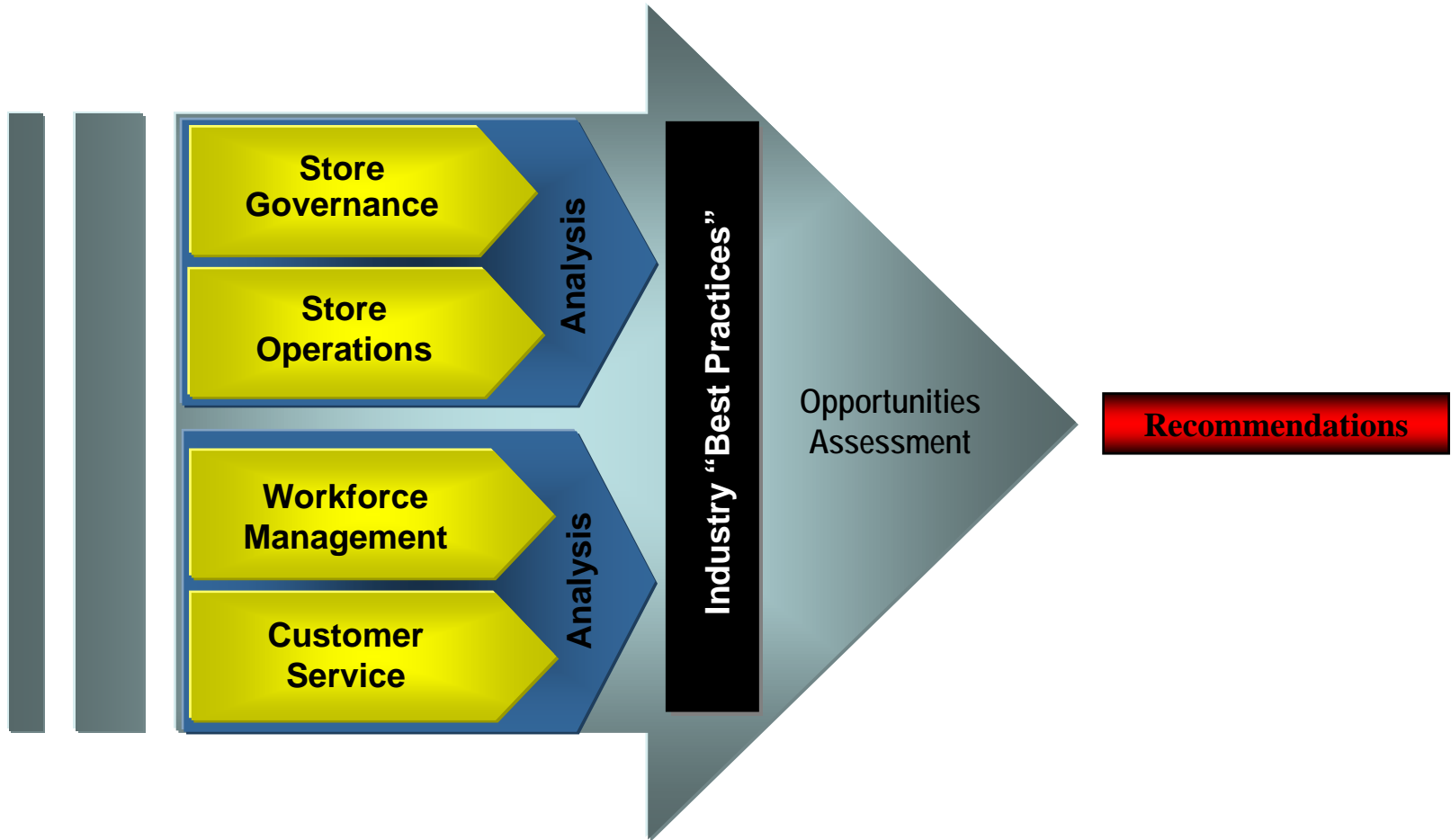
➤ **Week Two**

- *Document high level findings and recommendations*
- *Validate high level findings and recommendations*
- *Prepare high level findings and recommendations report*
- *Schedule client executive presentation*

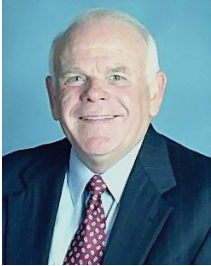


BSG Rapid Assessment Approach

- We quickly assess the situation, define the opportunities and recommend a roadmap forward



BSG Representative Expertise



Fobes

Ken Fobes is a founding principal of BSG. He is an internationally recognized retail consultant with more than 25 years of extensive experience in retail operations, merchandising, and demand-based supply chain optimization. His clients have included many of the leading global retail leaders, including Wal-Mart, J. Sainsbury, Coles-Myer, Canadian Tire Corporation, Brookshire Grocers, H.E. Butt, SUPERVALU, Schnuck Supermarkets, The Kroger Companies, Vons-Safeway, Hannaford Bros, Nike Retail, and Savemart Supermarkets.

He has played a major role in a number of major strategic store operations and technology initiatives, including workforce management, store systems selection and implementation, customer relationship marketing, store operational improvements, and demand based merchandising and replenishment. He has also served as an investor, advisor and key executive in several successful start-up companies, pioneering in the development of open systems POS, web-based retailing and integrated retail systems.

His retail industry and technology expertise was most recently recognized by the Food Marketing Institute (FMI), when he was chosen to be the architect, with design, content and production responsibility for FMI's SuperTECHmart executive educational series, one of FMI's most ambitious and successful educational projects in this millennium. This series was designed for senior industry executives to provide them with a better understanding of how the strategic use of technology will enhance their business goals and objectives.

BSG Representative Expertise



Dunlavy

Will Dunlavy is a senior consultant in BSG's Retail Optimization practice, bringing to our clients more than 25 years of store operations and perishables management experience and expertise serving in key management roles with such companies as Mrs. Fields Cookies, Harris Teeter, Raley's and Golden Corral. This background enables Will to quickly identify "best in class" opportunities for fresh item management improvements that contribute to higher productivity, increased sales and improved gross margins.

Will's "real world" experience includes serving as Director of Deli, Bakery and Food Service operations for Harris Teeter, and Raley's Supermarkets, as a regional director of Operations and manager Marketing for Golden Corral, and chief operating officer for Mrs. Fields Cookies and Park City Group. His expertise was instrumental in the development of the perishable industry's first labor scheduling and production management systems to enable better control, management and resulting profitability in fresh item operations.

As a consultant, Will has served such major global retailers and manufacturers as Tesco (UK and Asia Pacific), Price Chopper, Purdue Chicken, WaWa, Associated Food Stores, Sara Lee Bakery, Food Lion, Schnuck Supermarkets, Roche Brothers, Dairy Farm (Singapore) and Lawson (Japan). Will continues to be involved key industry initiatives and has served on the Board of Directors for the International Dairy, Deli and Bakery Association (IDDBA) and as a member of the International Food Manufacturers Association (IFMA) and International Food Distributors Association. He is also a frequent featured speaker at many industry meetings.

BSG Representative Expertise



Randy Misener is a founding principal of BSG, with extensive North American retail experience across all retail verticals. His clients have included The Kroger Companies, Wal-Mart, Sears Canada, Canadian Tire Corporation, Canadian Tire Dealers Association, Office Max, D&W Foods (Spartan Stores), Petro-Canada, Meijer, Smart & Final, National Grocers and the Liquor Control Board of Ontario.

Misener

He is an internationally recognized leader in store operations improvements, end-to-end inventory optimization, demand-based forecasting and replenishment, promotions, procurement, assortment planning, merchandising and decision support systems. He has managed a number of key engagements during his extensive career in retail, both for BSG clients and while an executive with four prominent corporations serving the retail industry.

His expertise also includes helping clients determine the best approaches and implementation strategies for coping with the rapidly changing industry business and technology initiatives, such as data synchronization, global standardization, Country of Origin Labeling and Next Generation Auto ID (the Electronic Product Code)

BSG Representative Expertise



Krueger

Tim Krueger is a senior consultant in our Retail Optimization practice, specializing in optimization. He has over 30 years of experience in the retail industry, focusing primarily on defining workloads, establishing best practices and methods improvement, analysis and improvement, and enterprise workforce scheduling. He has extensive experience using the defined workloads and labor standards as the basis to develop weekly labor budgets for all departments and stores, while maintaining desired customer service levels and targeted payroll goals.

During his career, Mr. Krueger has held the top labor management positions at H.E. Butt Grocery Company, The Grand Union Company, and Food Lion, LLC and Minyards. During his tenure with these retailers, he worked with leading industrial engineers and labor standard tools in helping these customize their workforce management activities and measurements. He also has a strong background in working with Bill Conway's Continuous Improvement philosophy.

Mr. Krueger has consulted with the Timera and JDA Software program managers to develop application solutions for sales forecasting, projecting workloads, and workforce scheduling. His consulting background also includes experience in creating a "one-stop-shopping" experience by developing offerings such as money orders, wire transfers, and bill paying services, which also create ancillary income opportunities for the retailer.

BSG Representative Expertise



Hoffman

Mark Hoffman is a senior consultant in BSG's Retail Optimization Practice. As globalization of retail continues to drive store performance management as the critical element to preserving customer loyalty and growing market share, Mark has been assisting retail companies achieve a balance between customer services and managing costs of store operations. His innovative techniques for measurement, assessment, and re-engineering store work processes throughout the store draw upon his deep industry knowledge and experience implementing effective customer service management practices.

During his 25 years of global experience in project management, and innovation, Mark has help retailers and technology solution vendors to optimize work processes with the appropriate use of technology in retail stores. His clients have include: Albertsons, Tesco, J. Sainsbury, Seiyu, Bompreco, Debenhams, The Kroger Companies, Meijer, Marks & Spencer, Kroger, Wal-Mart, GS1, and the USPS.

Throughout his career, he has received numerous awards and recognition for his work in retail stores and technology innovation. Mark was awarded the Jack A. Kraft award from the Human Factors and Ergonomics Society for human factors and ergonomics research in the retail industry.

BSG Value Proposition

Retail Experience

- Our depth of experience enables us to identify opportunities and provide practical solutions and benefits quickly
- The breadth of our experience crosses multiple channels and countries
- Everyone on our team is a senior executive with hands on retail operations experience

Knowledge

- We use our broad knowledge base of industry best practice to achieve superior performance
- We customize improvements to align with your organizational culture
- This strength enables us to determine what will work and why.

Collaboration and Teamwork

- We work closely with the client's executive and operational management to transfer knowledge
- We communicate clearly and candidly during the on-site assessment
- We guide the prioritization of activity so it blends with the business demands of the functions impacted, rather than disrupting their work

Approach

- We use clear, precise and logical steps throughout all of the phases of the project
- We highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency
- We employ change management principles to guide the institutionalization of new business practices

BSG Representative Clients

Grocery

- *Save –A-Lot*
- *Brookshire Grocers*
- *J Sainsbury (UK)*
- *Cub Franchisees*
- *Hannaford Bros.*
- *The Co-Op (UK)*
- *The Kroger Cos.*
- *Save Mart Supermarkets*
- *Weis Markets*
- *Meier*
- *Schnuck Markets Inc.*
- *Somerfield (UK)*
- *Coles Myer (AUS)*
- *Wild Oats*
- *H-E-B*
- *Stop & Shop*
- *Safeway*
- *Food Lion*
- *Ric's Food Centers*
- *United Supermarkets*

C-Store/ Drug

- *Petro Canada (CAN)*
- *CVS/Caremark*
- *WaWa*

Mass Merchandising/ Specialty

- *Wal-Mart*
- *Tesco*
- *Advance Auto*
- *Linens 'n Things*
- *Canadian Tire Corporation (CAN)*
- *CTDA (CAN)*
- *The Limited*
- *HomeBase (UK)*
- *Zales*
- *Michaels*
- *LCBO (CAN)*
- *SEARS (CAN)*
- *Family Dollar*
- *Aeon (JAP)*
- *Cabela's*

Wholesale/3PL

- *Unified Western Grocers*
- *Southeastern Frozen Foods*
- *Tibbett & Britten (Excel)*

CPG Manufacturers

- *Nike Worldwide*
- *Sara Lee*