



# KRAFT SAFEWAY SUPPLY CHAIN INNOVATION

SUPPLY-CHAIN PROCESS REDESIGN

Project Date: 2004



In an industry where margins can be razor thin, optimizing the supply chain is an effective way to compete for and win customers. Using collaborative design techniques allowed Kraft, the largest US food manufacturer, to identify supply chain innovations that have increased revenues, created lasting partnerships, and uncovered new value opportunities throughout the organization.

For a series of workshops facilitated by IDEO, Kraft assembled a team of Supply Chain, Merchandising, Procurement, Sales, and Human Resources representatives from both Kraft and its retail supermarket customers. Using structured brainstorming, field observations at stores and distribution centers, inspirational observations at analogous companies, employee interviews, and quick prototyping of new tools, the teams convened several times over an 18-month period to share learnings, brainstorm further solutions, and implement changes.

One of the dozens of experiments involved Capri Sun Lemonade and a team from Safeway. The team saw why Lemonade posed a challenge: it shipped on the bottom of a mixed-flavor pallet, and stock keepers had to unload the other flavors to reach it. After several prototypes, the team landed on a design in which each flavor gets "chimney-stacked" vertically. Now stockers can easily reach any flavor that goes out of stock. This experiment led to a 162% increase over to the previous year. Shipments of full pallets improved across all Safeway divisions, and Kraft became Safeway's premier cross-dock vendor.

Kraft has trained the entire leadership team within its supply chain to use these methods with internal teams and directly with customers. In addition, Kraft's customers have adopted this collaboration strategy within their organizations, with other trading partners, and within functions outside of supply chain, in merchandising, for example.

## AWARDS

Design Awards Area 2004,  
Grocery Manufacturer's of America CPG Award  
2007 Finalist, Innovation Award,  
Council of Supply Chain Management Professionals