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## Eliminating wasted motion

Time is money, Maynard teaches Giant Eagle, other clients

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Giant Eagle needed to cut prices to be more competitive.

So the workplace management experts from H.B. Maynard and Co. settled in to study how the O'Hara grocer's employees did everything from cleaning the meat-cutting area to organizing the boxes of ketchup and mayonnaise packets handed out in the prepared foods department. If time could be saved, the Green Tree consultants advised, the money would follow.

Turning a new set of eyes on the dairy department alone produced a pile of savings. Employees hustling to stock the shelves were pulling all the deliveries out on a cart and going back and forth between the yogurt shelves, then the milk, over to the juices and back to yogurt.

Maynard's computer map of employee routes showed black lines wiggling like a spaghetti. "Some real good people said, 'My goodness, you're walking a lot. You ought to be tired at the end of the day,'" said Dave Redick, Giant Eagle's vice president of retail planning and engineering.

The Maynard staff proposed pre-sorting goods in the back room and separating the boxes of yogurt, those with cheeses and juice.

The switch not only saved time, but also it reduced the amount of time customers had to climb around stocking carts to reach the orange juice.

Such little things have added up. Giant Eagle credits Maynard with helping in the cost-cutting push that has, so far, made possible two rounds of price cuts in the past nine months, each of which the grocer has estimated will save customers \$35 million annually.

Traditional grocers such as Giant Eagle are looking for assistance as they fend off discounters, convenience stores, even dollar stores popping up to siphon off sales.

But, as Maynard engineers have discovered, it's not just the food retailers who have gained a new appreciation for efficiency.

A few years back, management at Maynard, a business founded 70 years ago by a former Westinghouse executive with a knack for making manufacturers more efficient,



Robin Rombach/Post-Gazette

Ben Rath, of H.B. Maynard and Co. in Green Tree, talks with Giant Eagle employees Brian Williams, left, and Robert Knapper as they stock the shelves in the dairy aisle of the Seven Fields Giant Eagle.

noticed the squeeze that Wal-Mart was putting on retailers of all sorts.

The Maynard managers decided to pitch their services to store operators, and they believe that it has paid off. In the past five years, the private company reports, revenues have doubled to about \$15 million a year and its full-time permanent staff has grown from 60 to 100 people.

The Gap has tapped Maynard to help it understand how to better staff its stores. The TJX Companies Inc., which run the Marshalls and T.J. Maxx stores, are interested in how many fitting rooms they really need. American Eagle Outfitters is interested in following customers around the store to see where they go or to calculate the impact of staff greetings on sales.

"Five years ago, we wouldn't have dreamed we would be doing that," said Kenneth Smith, Maynard president. The company's more traditional clients include tire-maker Goodyear and bronze maker Matthews International.

In addition to analyzing time and people's behavior, the consultant brings to every client its prime directives, some that would fit right in on the cable TV show "Mission: Organization," in which a homeowner gets help straightening up.

At the company's own disciplined Parkway Center offices, cupboards are labeled so supplies go back to the right place. Employees who travel frequently may share work spaces. Maynard lives by its signature "5-S" rules – sort and remove, shine and inspect, set locations and visual cues, system-a-tize, and stay the course.

Giant Eagle, the region's dominant grocer, set up a trial program using those imperatives in late 2003 and early 2004 at stores in Robinson and at the Waterfront. "Sort and remove" took the form of identifying equipment in areas such as the meat and deli departments that was rarely used. "We found

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we took so much stuff out, it was overwhelming," said Giant Eagle's Redick. Some of the surplus went to other stores; some was sold.

Reorganizing storage areas made it easier to find things, which meant the staff was less likely to reorder items already in stock. The grocer also has reduced the number of items that are out of stock, a common industry problem that even Wal-Mart blames for missed sales.

Maynard used simulation software to map procedures and calculate the time it takes to do each task, based on the movements of an average-sized person. The system is supposed to account for nuances such as employees' growing fatigue as their shifts come to an end and the time it takes to answer customer questions.

Redick said the detailed analysis helped improve scheduling, something that does not always follow efforts to re-engineer a workplace.

"Too many people want to come in and engineer work and tell you how many hours you should use," he said. Without a map on how to accomplish that work efficiently, scrambling employees can end up cutting corners and exhausting themselves without achieving the goal.

The process can still rub humans the wrong way. Redick relates a conversation he

had with a pharmacist who belittled the recommendation to tape signs on the counter where office supplies had to be placed. "You know that's insulting for you to label where my stapler should go," the pharmacist said to Redick.

Maynard's statistics showed the stapler was used more than 1,000 times a day, and that misplacing it even 25 percent of the time could waste money. "You know what that's worth over hundreds of stores?" Redick asked.

"Hundreds of thousands of dollars." The pharmacist reportedly bought into the idea once the value was proven.

The deli area, with its specialized orders from an intermittent flow of customers, has proven difficult to streamline, although the company did add scales near the slicer to cut down on trips back and forth to the front counter.

As new systems and better organization are rolled out to more stores, executives are drawing a connection between the changes and a 12 percent reduction in worker turnover between May 2004 and May 2005. They think new employees may feel a little less lost on the job.

Giant Eagle is not the only grocer trying to squeeze out costs. Maynard's list of recent clients includes Shop 'n Save, Food Lion, Weis markets and Texas grocer H-E-B, all of which

face many of the same competitive pressures.

A Food Marketing Institute spokesman noted that many companies were bringing in consultants to enhance operating efficiencies. "Supermarket company profits average around a penny on the dollar, so efficiency and cost-reduction are extremely important," said Todd Hultquist.

Giant Eagle officials say they plan more rounds of price cuts, paying for them with ongoing help from Maynard and with savings found elsewhere. That could include getting better prices from vendors and taking advantage of more flexible work rules negotiated with its union employees last year.

Company officials report they have had a good response to the reorganized workplaces, both from customers and employees. A union official confirmed that members seem to be backing any efforts to keep Giant Eagle competitive and said the union had seen no job cuts associated with the efficiency efforts.

Executives know some people will never believe the price cuts required more than a willingness to accept lower profits, and Redick has already heard one of the more common responses from his own neighbors. Their opinion: "It's about time."



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