



DC Fresh 2 The reengineering of the DeHaize Fresh Supply Chain

Vincent De Hertogh



GALA AWARD EVENT - THURSDAY 8 DECEMBER 2011 - ICC GHENT



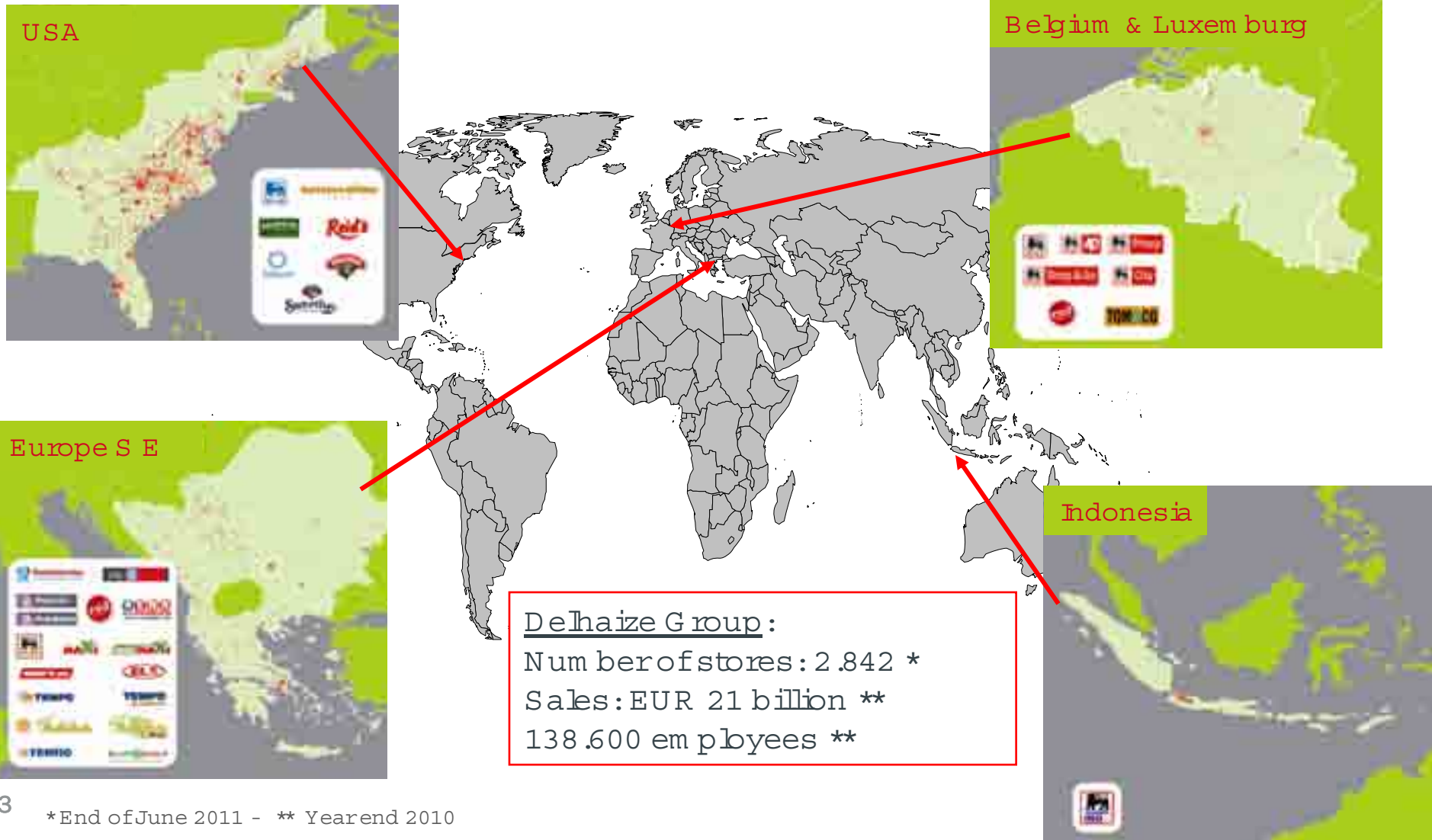
THE WORLD IS OURS ...
TO PRESERVE TO EXPLORE TO DEVELOP



Agenda

- **Delhaize Company Introduction**
- Delhaize Belgium Supply Chain
- Fresh Logistics Re-engineering

Operating in 11 countries on 3 continents



Delhaize Belgium - Luxemburg



141



222



6



193



19



92



138

- > 811 stores*
- > 17,000 employees *
- > EUR 4.8 billion income*
- > EUR 236 millions operational profit*
- > ± 3,5 millions clients per week *

End T2 2011



Agenda

- Delhaize Company Introduction
- **Delhaize Belgium Supply Chain**
- Fresh Logistics Re-engineering

History

Delhaize Brussels DC's - 1900



Delhaize Zellik DC's - 1967



Delhaize Zellik DC's - 2008



Picking for succursales - 1934



Packaging - 1968



Picking - 2009



Our core business since 1867



Delhaize Belgium Logistics

85 % by Delhaize

ZELLIK
- Fruit & Vegetable
- Fresh
- Grocery & HBC

NINOVE
- Drinks

2.000 FTE's

20.000 items

800 stores

1.200.000 cases/day

1.400 deliveries/day

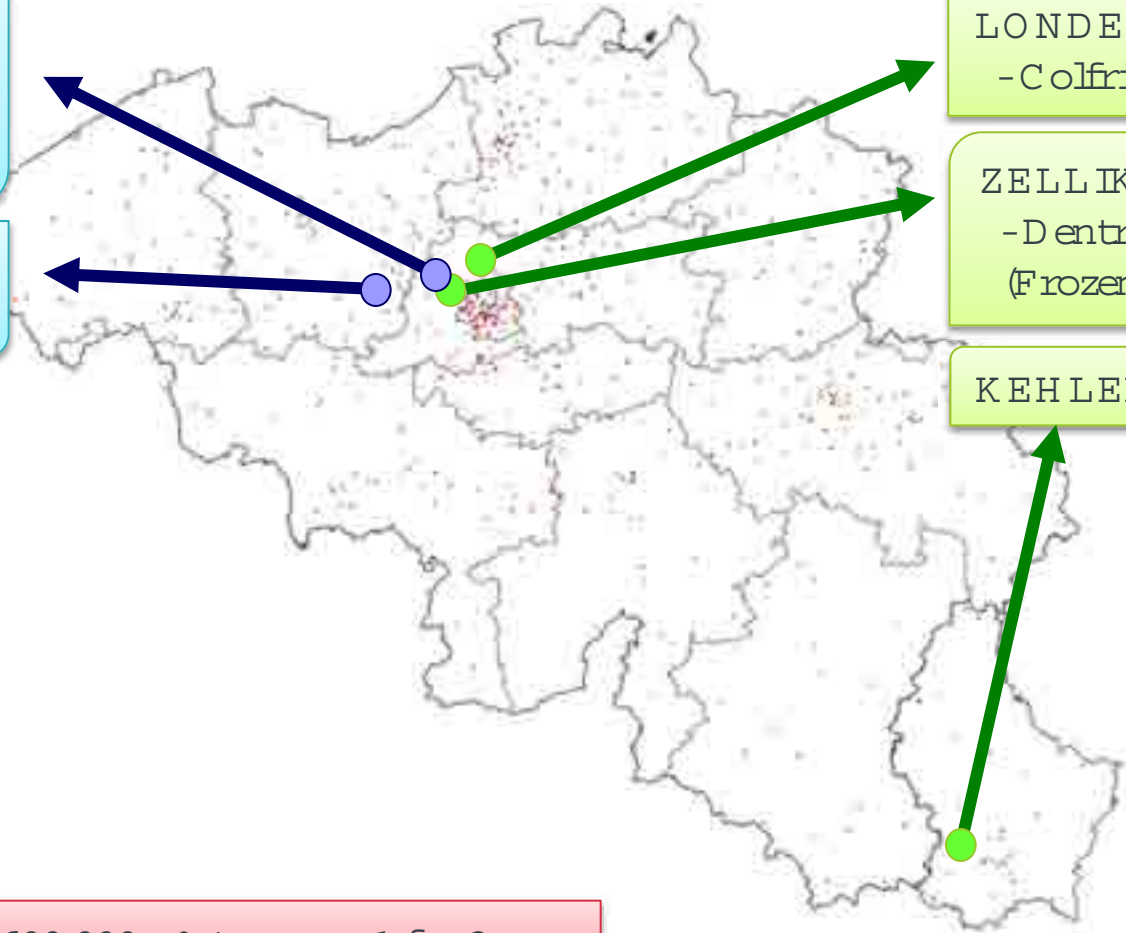
200.000 m² warehouses for 600.000 m² stores => 1 for 3

15 % by 3PL's

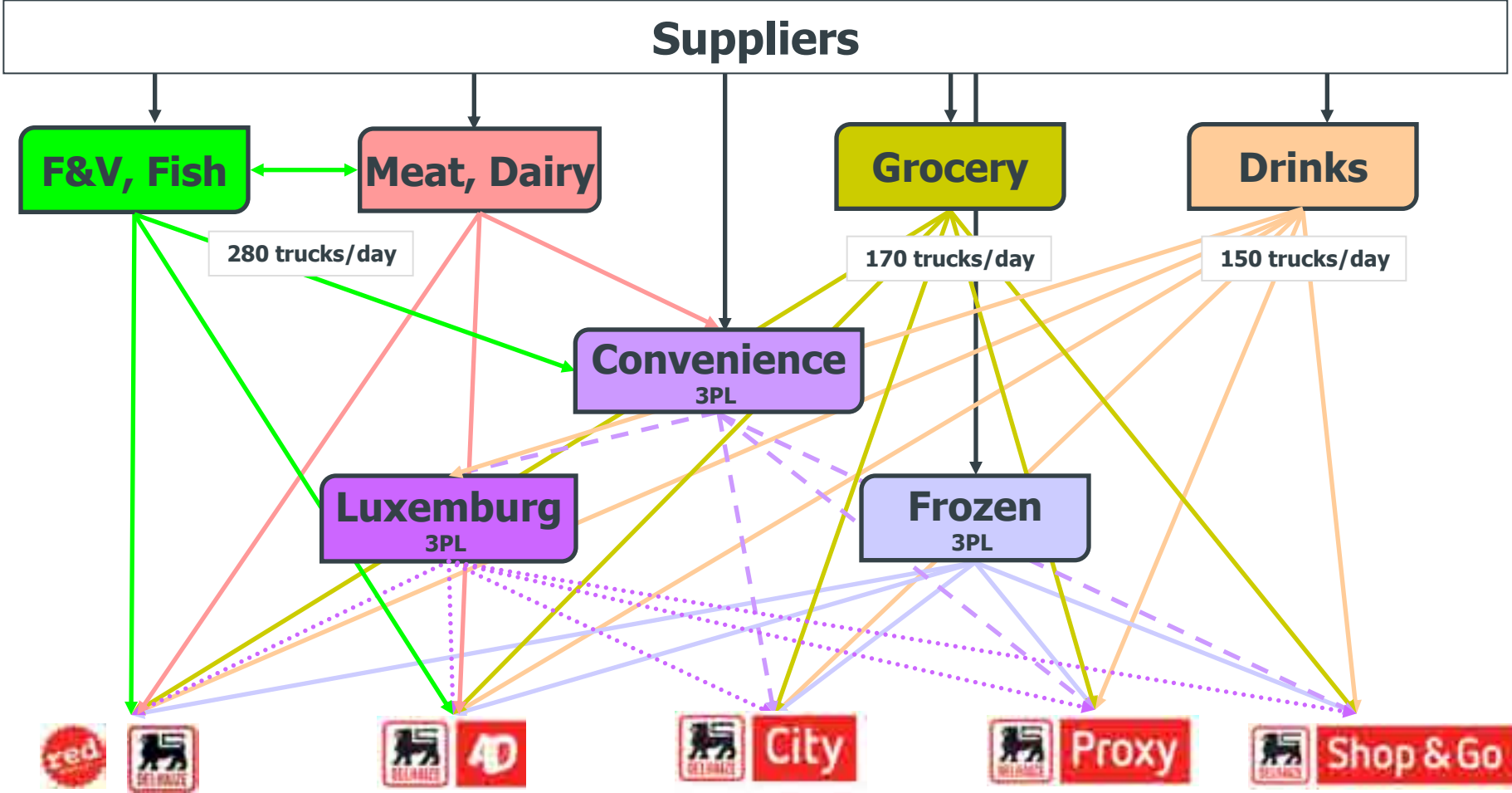
LONDERZEEL
- Colfridis

ZELLIK
- Dentresangle
(Frozen)

KEHLEN (Lux.)



Complex Supply Chain



Agenda

- Delhaize Company introduction
- Delhaize Belgium Supply Chain
- **Fresh Logistics Re-engineering**



Fresh Logistics Challenges

- **Smaller shops**
- **Large fresh assortment**
- **Smaller expedition units**
- **Less fast mover**
- **More medium & slow movers**
- **Shorter Expiry Dates**
- **Smaller drop size**
- **Reverse Logistics**
- **Mobility**



Basic thoughts on re-engineering

- Reduction of crates to handle
- Better filled crates & trucks
- Spread deliveries
- Speed up receiving process
- Optimised warehouse sqm usage
- Store sequenced picking
- Use of dollies for store deliveries
- Temperature logistics
- Corporate Responsibility Strategy



Stake Holders of the Project

EXTERNAL

All fresh Suppliers

Transport Companies

EDI Providers

Building & mechanization integrator

Crate Producer / Pooler / Washer

Dolly Producer

RFID Integrators

INTERNAL

IT

Logistic

Transport

Unions

Store Employees

DC Workers

Purchase Departments

Products impacted

- **Fruit & Vegetables**
 - 4th Gamma, Mushrooms
- **Cheese**
- **Traiteur**
 - Delicatessen, Smoked fish, Fresh Ready Meals, self -Traitor
- **Meat**
 - Poultry & Game, MAP Meat
- **Fish**
 - MAP Fish, Mussels



50% of SKU's of the total Fresh Assortment

Project Milestones



Sept 2007 → Board decision



Sept 2008 → Building done

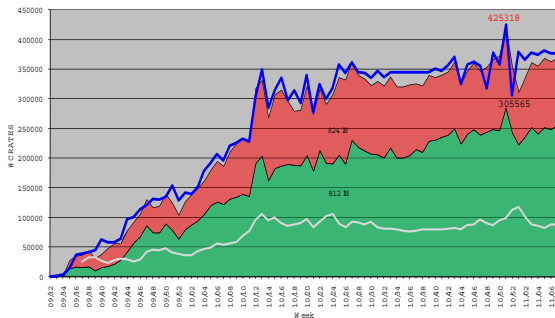


June 2009 → Mechanization installed

July 2009 → Test with first supplier (Grega)

09/09/09 → **Go Live with 25 suppliers**

March 2010 → All suppliers (2.300 items / 300 suppliers)



Key Components

- **New Dolly**
 - Adapted for Mechanization



- **New Reusable Plastic Crates**
 - Fresh environment
 - Foldable
 - Uniquely identified
 - Barcode EAN 128
 - RFID tag



- **Electronic Advance Shipping Note**
 - 100% Suppliers deliveries
 - Link Crate number with product



Key Components – DC FRESH 2

- **Automated Warehouse for ultra-fresh products (2°C)**
 - 14.000 m²
 - 150 FTE's (24 pickers in 3 shifts + overhead)
 - 24 hours / 6 days
 - Max 96.000 crates / day

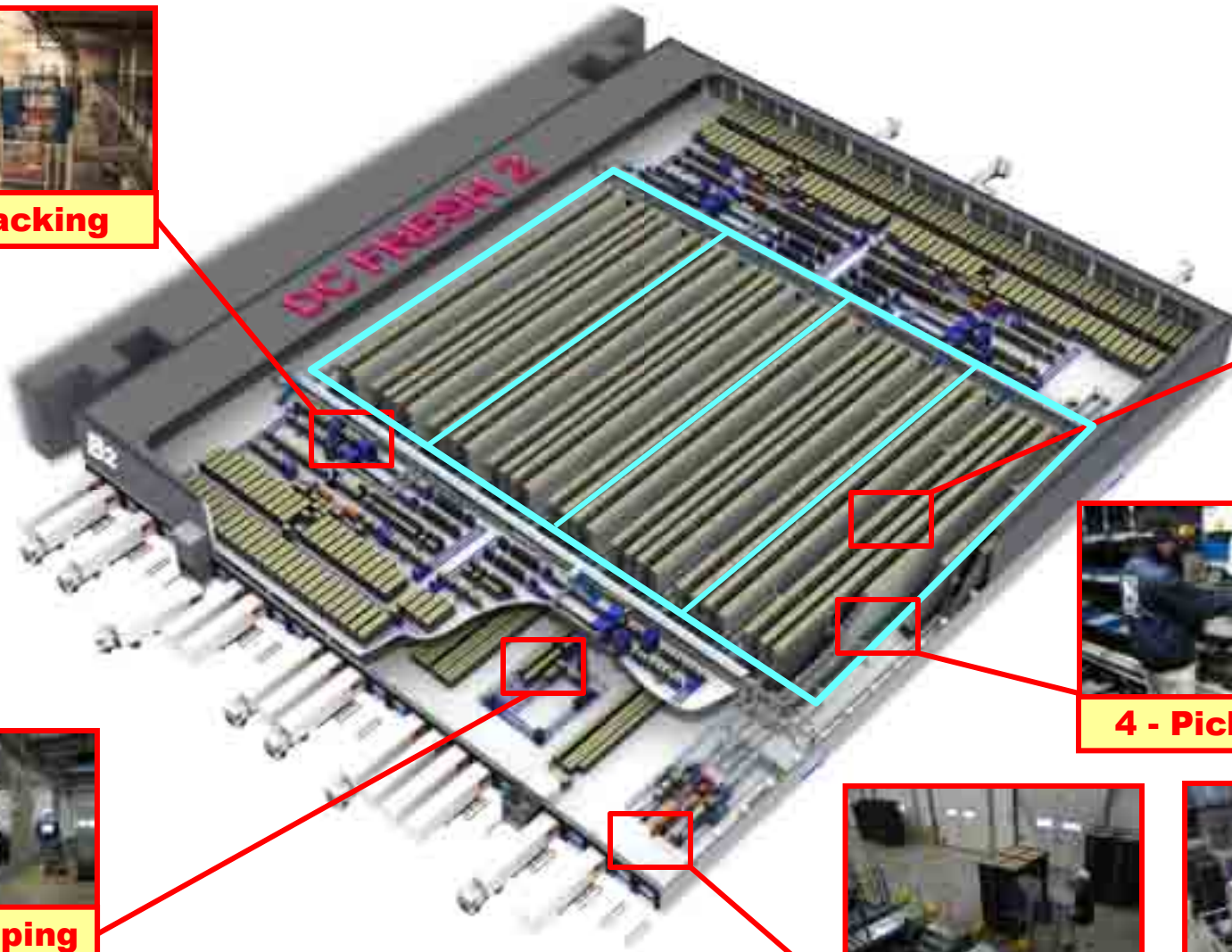
 - Receptions per day: 100 trucks
 - Deliveries per day: 660 stores – 175 trucks
(combined with other Fresh DC)
 - Storage Locations: 166.900 crates



EUR 50 Million



DC Fresh 2 - Product Flow



Complete re-engineered process overview

Start

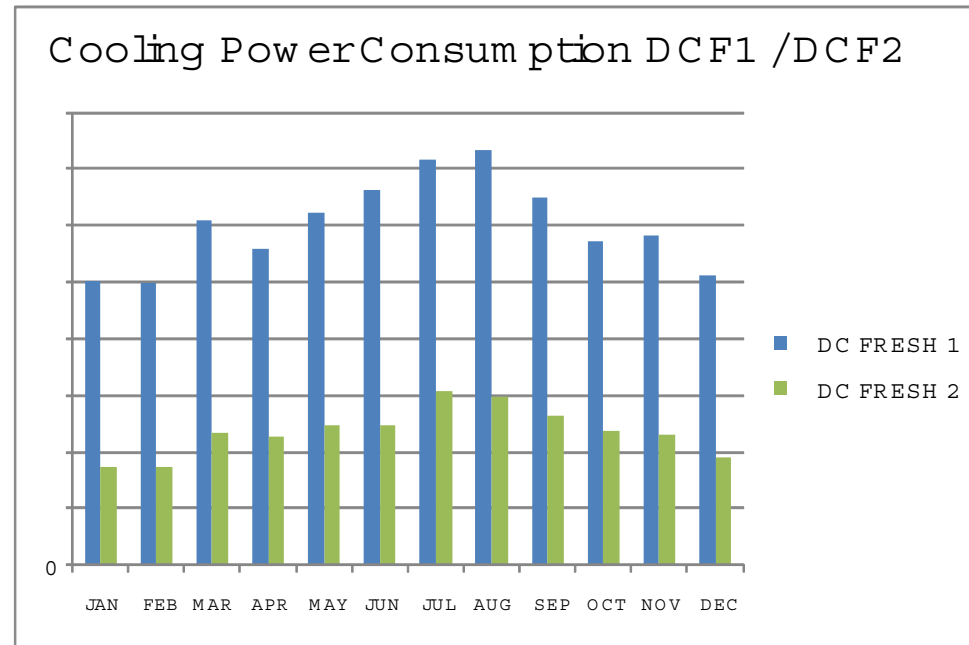
DC Fresh 2 – Corporate Responsibility

- **Rooftop is covered with 8.000m² Photovoltaic panels (2.000m² net)**
 - 450 MWh of electricity produced per year
- **Kinetic energy of cranes is captured at each movement**
 - 2.000 MWh of electricity captured per year
- **Eco-friendly cooling using CO₂**
 - 1.000 MWh electricity per year
- **Collecting rain water for cooling**
 - 20.000 m³ less water per year



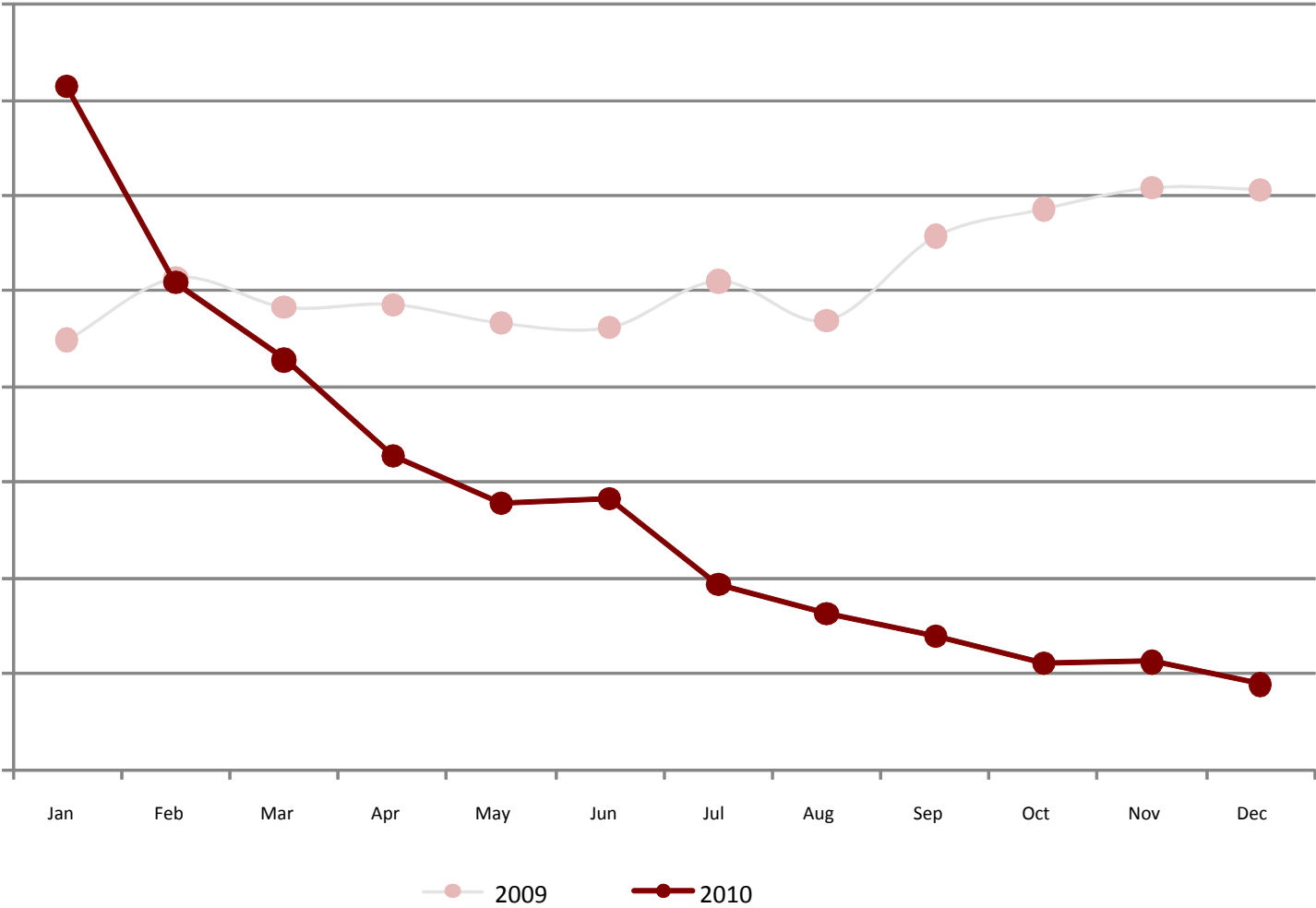
Savings

- **Increase Productivity**
 - Less waiting time for truck drivers
 - Full crates fully automated
 - Products come to picker
- **Reduce Pool Costs**
 - Less crates in pool
 - Less sorting/washing costs
- **Increase Service to Store**
 - Store sequencing and easy shelving
 - Less picking mistakes
 - Smaller ordering units
- **Corporate Responsibility**
 - Less transport & CO2 emission
 - Reduce waste and packaging
 - Less power consumption



Captured Savings

Fresh Logistics Costs in % of Fresh Sales



Conclusion

Complete
Re-engineering

Corporate
Responsibility
Strategy

**Delhaize created the
Supply Chain of the Future**

Own Project Team
On Time & Budget

Calculated Return
Achieved

determination | integrity | courage | humility | humor

Thank You