

# Case Study

*Results of an Argent engagement with a Grocery and General Merchandise Retail customer.*

Argent Global Services provided Industrial Engineering and Lean strategy services to help a national retailer update staffing models and improve labor allocation.

## Background

A large national retailer asked Argent Global Services (Argent) to assist in improving labor allocation and update staffing models. At each of their locations, this client provides a wide range of grocery and general merchandise, including apparel, electronics, housewares, and pharmacy products. Each location contains 19 departments that perform all work-related tasks, like backroom, front-end, inventory, and floor activity departments. Argent utilized Lean principles, along with traditional Industrial Engineering tools, to assess, develop and provide feedback for opportunities in all departments.

### Company Fact Sheet

- National Chain Grocery and General Merchandise Retailer
- 200,000 Employees
- \$12.8B Annual Sales
- 2,400 Stores
- 19 Departments per Location
- 550 Work-Related Tasks per Location

## Objective

The client's objective was to validate and adjust the time requirements for defined tasks within their retail labor allocation system. The objective of the time studies was to collect multiple, detailed cycle times for the identified functions within specified departments. Direct Observations by Argent engineers were conducted on actual associates performing their daily tasks and each work activity consisted of small elements such as travel, pick-up, stocking shelves, opening cartons, facing, customer interactions, price changes, etc. The information allowed each function to be analyzed and provided the identification of all non-value added activities. At the start of the project, 100 processes had been identified for review within 12 retail stores. As the project progressed and the results were favorable to the client, additional departments, processes and

locations were identified for inclusion. An additional 450 labor processes were added to the project scope.

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## Methodology

Argent conducted direct observations throughout all operations, utilizing Lean principles and other engineering tools to map processes, identify redundancies and obstacles, reduce waste and provide feedback for improving employee utilization and productivity.

Argent engineers observed associates performing daily functions. The direct observations were conducted at varying times, at different locations and with different associates. This method of data collection results in normalization of data. Argent utilized the client's SOPs in order to ensure that the associates were performing the tasks in accordance with established procedures. Argent collected data for time, volume and square footage of areas for the studies conducted. The outlined drivers were used to determine what types of outputs of data were required for each function. As an example, housekeeping functions were provided in minutes per square foot for the areas being cleaned; while grocery stocking functions were provided in minutes per cases worked and minutes per kilogram of produce stocked. The project manager from Argent collected data in addition to providing on-site project management, communicating with the client and performing all management activities for project success.

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## Results

Argent provided the client with over 8,200 times and work determinants for input into the retail labor allocation system. Many processes were provided in multiple work determinants such as cases per hour and pieces per hour or locations per hour and linear feet per minute. The data provided allowed the retail client to update their staffing model and provide realistic and accurate staffing levels to each store.

Argent also collected information on procedures and areas that can be improved within the retail operation. Argent provided the client with observations and recommendations for improvement to both workflow and customer service. Additional recommendations related to store management structure, corporate distribution centers and store service levels, transportation services, management coverage, frequency of required housekeeping, as well as other more general topics like procedural inconsistencies and safety. It is Argent's goal to not only meet the requirements of the project scope, but to also provide an objective snapshot of the operation and provide feedback that will improve production and customer retention. Staffing was reduced through improved line-balancing and consolidation of indirect functions, which resulted in a labor cost reduction of \$3.4 million or 18 percent.

**Production Summary**

**15% Improvement in Yield/Throughput**

**\$30 Million Annual Labor Savings**

**20% Labor Cost Reduction**

Argent improved the warehouse layout and workflow with streamlined processes, improved travel, reduced damage and ensured better FIFO and inventory management. These workflow improvements led to annual reduction in labor of 30 percent or \$45 million. Additional opportunities were identified throughout the entire value-stream and with Argent's approach to process improvement, implementation and training, the client has experienced sustained benefits and savings.

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**Argent Global  
Services**

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Argent Global Services, founded in 1988, is an industrial engineering and management consulting firm with corporate offices in Oklahoma City, OK. Argent is a recognized leader in the implementation of solutions that increase productivity, enhance service, improve quality and reduce costs. Argent contributes best practice experience from logistical expertise gained by working in various industries where service, safety and quality are paramount.

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