



Using Pilot Testing to Drive Change Within a Large Retailer



Q&A with
Todd Patti

former Vice President
of Dairy at Ahold



About Todd Patti

Todd Patti, founder and CEO of Next Chapter Sales, is a food and beverage veteran with a long history working in the retail industry. Patti held several executive roles during his 18 year tenure at the international retailer, Ahold. He has earned a reputation as a change agent and now heads his own consulting practice. While at Ahold, Patti and his Dairy Category Managers spearheaded a pilot and implementation of Tosca solutions in the dairy category.

Tosca sat down with Patti to get his views on reusable plastic containers, pilot testing a packaging switch, and successful change management.

Tosca: When you first began leading the dairy category at Ahold, what were some of the biggest pain points you faced?

Todd Patti: I was responsible for the dairy P&L from top to bottom, and my CEO directly challenged me and my team to see what we could do to improve our bottom line. The two biggest opportunities I had to impact our P&L were **shrink** and **labor**. Ultimately we saw the largest opportunity with eggs since they are the worst shrink offender in the dairy category and also require excess labor to stock and clean display cases. Stocking egg cases is a manual, labor intensive process. Every time a display case needs to be stocked, every carton on the shelf needs to be removed so new egg cartons can be placed in the back, and then the older eggs have to be restacked in the front. We knew there had to be a better solution out there that would help us optimize our egg category.

How did you learn about RPCs? And what factors made you open to considering them?

Robert Schupper, a category manager at Ahold, brought RPCs (and Tosca specifically) to my attention, and it was an egg supplier who initially proposed the idea to him. The initial appeal of RPCs for me was the fact that they're very strong and also retail-ready. The Tosca egg RPC has a drop wall that allows the container to be placed directly in the display. For some retailers this has reduced labor by up to 53%. But on top of that, RPCs are the best way to

protect eggs through the supply chain. Most retailers will see a 50% reduction in egg shrink.



50%
Reduction
in Shrink



53%
Labor
Reduction

What convinced you to try an alternative to corrugated?

In my mind, any solution that has the potential to reduce both shrink and labor is worth checking out. But making a packaging switch is a huge task at a large organization, so ultimately what made it possible was Tosca's risk-free **Pilot Program**, where Tosca is very

"I'm always challenging suppliers about what are we going to do differently. If we do the same promotions every year, we aren't going to hit our sales numbers. **It's ideas like implementing RPCs that we want suppliers to bring to us.**"

involved in the entirety of the process to ensure a smooth and successful implementation. And, since it was a free trial, it made egg RPCs an easy sell to my stakeholders. Plus, the results they were able to show from other grocery retailers was compelling. My mindset was simple: if we don't try, we won't know.

When you first started considering RPCs, what were the initial steps you had to take?

The first step was going into our innovation center and seeing how the RPCs packed out versus our current boxes and testing the logistics of a retail-ready container on a display case. However, if you don't have an innovation center, don't let that stop you. In the old days, we would have gone to a local store and practiced there, and nowadays you can simulate almost anything on a computer.

The other major component was getting buy-in from all of the departments that would be impacted by



a packaging switch; retail operation, merchandising services, asset protection, sales directors, etc. Gathering buy-in took the most time, and I'm sure some people would have wanted to gloss over this step. But I knew it would speed up the process down the line if I was able to get everyone onboard (and hopefully excited) early.

"In the grocery industry, making a change is like turning a battleship. So it's important to have an experienced partner like Tosca that is so involved and makes the process as easy as possible."

What was the hardest part of convincing your fellow leaders that RPCs were worth testing and implementing?

People are naturally resistant to change regardless of their level. Getting any business to embrace a pilot test, much less a major operational change, can be very difficult. There's always a valid concern about the potential to disrupt the business with a new process, even if

everyone agrees it's necessary.

But having a partner like Tosca made it easier to get approval because they were so involved from the very beginning. They made sure there were no surprises by being very prepared and upfront about what to expect.

What were some of the biggest contributing factors to the success of your pilot?

There were no surprises. We had everything laid out before we started the program, and Tosca handled all of the training for implementing a brand new process. This included:

- DC and store visits to participating location to train them on how to use and return RPCs
- Training our supplier participating in the pilot
- Creating customized training material

In what ways did RPCs create value for your organization?

For one, it helped us significantly **reduce labor**. Switching to RPCs

"The training Tosca provided was huge. There was signage and in-person training at every store."

reduced the time to stock eggs in each store by 30 minutes every week. "If you reduce labor in one department you can reallocate that time to another area of the store that needs assistance or spend that time with customers.

RPCs also **reduced egg shrink by 50%**. Eggs are the highest shrink item at retail so reducing damage can have a significant impact on revenue.

Also, **Tosca's pilot program was invaluable**. Having the option to test in our network made it so much easier to make headway in our organization because I had the data from Tosca's supply chain experts to prove the impact of switching to RPCs.

The Value of RPCs



**Reduce
Shrink**



**Save
Labor**



**Eliminate
Packaging
Waste**



**Increase
Supply Chain
Efficiencies**



“For any retailer considering implementing RPCs, my advice is just try it.”

Choose whatever number of stores makes sense for you, and do a 3 month test. Ensure that everyone is aligned on the success metrics before full deployment.

If you realize it's going to help you, then you can figure out the next steps. But if you don't try it you'll have no idea how it could help your business. We know from history that there are savings to be had, so there really is no reason not to pilot RPCs.



For 60 years, Tosca has developed innovative solutions that deliver supply chain improvement and measurable savings for suppliers, growers, and retailers.

Learn more about our pilot program at:
www.toscaltd.com/pilot-program