

Sourcing

GROCERYOUTLET
bargain market™

Client Testimonial: Grocery Outlet

An interview with Chief Store Development Officer,
Brian McAndrews

At a glance

Grocery Outlet



380 stores



2020 Revenue: \$3.13 billion



Location: U.S.



Challenges

Grocery Outlet historically has not had what would be traditionally considered an internal procurement team. We have a very robust merchandise buying team that works with the vendors around the offering we provide to our consumers.

But we did not have a procurement team in place relative to construction materials or other related items, furniture fixtures and equipment for the stores, etc. Those things were being procured individually through the various management groups for each of the disciplines.

I perceive optimized procurement to be its own specialty. It is not a discipline that should be sitting at the side of someone's desk. For instance, my vice president of refrigeration should not be the one driving procurement of quantities of freezer cases. They should be determining engineering and specification requirements and be involved in the final purchase determination however the administration of the RFP/bid-auction process should be managed by procurement experts.

The procurement piece itself is a very focused specialized discipline that requires full attention and data management around putting out an RFP, gathering and negotiating bids, and creating the competition to optimize pricing.

Solution

Relative to the big picture experience I've had at other companies prior to coming to Grocery Outlet, where we had procurement people in-house, the outcome of the procurement process has fallen in line with my expectations. What has outperformed expectations is the leveraging of Sourcing Dojo in the process.

I have found the platform intuitive and easy to use. We were up and running very quickly with minimal training, and the vendors that we were negotiating with and distributing information out to had the same experience. They were able to participate in the activities without a steep learning curve, relative to how to engage with the technology.

■ ■ ■ **“If asked by one of my peers ... looking for this type of help, I would certainly point them in the direction of Market Dojo. I have nothing but positive things to say about the experience.”**

Brian McAndrews

Chief Store Development Officer, Grocery Outlet





■ ■ ■ **“I think the service was great from the start, which just smooths the road all the way through. If there ever was a problem, and I never did hear about one, I imagine it got cured very quickly.”**

Brian McAndrews
Chief Store Development Officer, Grocery Outlet

Results

One of the initial tests was on a generator installation package for our stores. We were experiencing limited preventive blackouts from our utility providers in California as they upgraded overall power grid engineering. We went to market, not only on the acquisition of the equipment, but also the engineering designs and the installations themselves. Across the board, we found that we were able to obtain very advantageous pricing and a lot more flexibility in which vendors we were leveraging. The results of that, from a price standpoint, fell in line with expectations, yet the flexibility exceeded expectations.

Another project we applied it to was benchmarking against our existing installation of LED lighting across our store portfolio, both with new stores and retrofitting existing stores. We have had a history with certain vendors, and we knew what our baseline pricing was. By taking it out to market via Sourcing Dojo, inviting a much larger group of vendors, and really putting competitive pressure on them, we were able to dramatically lower our pricing, including with the established vendor.

One of the advantages of using Sourcing Dojo is the transparency, as well as the ready ability to compare vendor offerings clearly. Quite often the discipline is focused on driving down the pricing with an existing vendor. This is a very open platform that gathers a lot of information and puts the existing vendor under a great deal more pressure. We came away from the process feeling we'd left no stone unturned and ended up with a much better outcome than we otherwise would have if we'd simply focused on the existing vendor and maybe a couple of alternatives. We really were able to go out and assess the whole market of appropriate vendors.

Want to automate your procurement process like Grocery Outlet?

Get in touch with Market Dojo.

marketdojo.com

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About Market Dojo

Market Dojo's on-demand autonomous strategic sourcing software and exemplary customer support, rapidly evolve Procurement from reactive back office function to proactive strategic resource. Built by industry experts, our agile, best-of-breed solutions are easy to implement, intuitive, deliver immediate value and are accessibly priced.

Trusted by the world's leading brands, we help Procurement & Finance teams of all sizes to focus on value creation, connected relationships and strategic influence rather than traditional inefficient sourcing, supplier and finance management processes of the past.

We streamline, digitize and automate to provide centralized data and powerful insights to mitigate risk, control cost and drive smarter, faster financial decisions.

Sourcing is just one part of the source-to-pay process. Esker's Source-to-Pay suite helps Procurement and Finance leaders streamline procurement processes, enforce policy compliance and improve supplier relationships with increased visibility over the entire buying process.

