# Building a World-Class Distribution and Transportation Network

Mike Quinn – V.P. Warehousing and Distribution
John Hubbard – V.P. Distribution Operations
James Johnstone – A.V.P. Transportation

GIANT TIGER

# Giant Strides

# Mike Quinn - Introduction

- Vice President of Warehousing and Distribution
- 29 years with GT in Distribution and Transportation
- 18 years as a Retail Store Manager with Kmart
- Joined G.T. as the Warehouse Manager in 1991.
- I have had the opportunity to lead the growth of the GT logistics infrastructure during those years
- Many projects along the way, but the new DC and Robotics has been the most exciting and challenging!

# Agenda

- Brief history of Giant Tiger
- The decision to Reposition (Network Study)
- Design and Automation
- Tiger Trucking

# What is Giant Tiger All About

**We are the leading Canadian owned family discount store, committed to providing on-trend family fashion, grocery and everyday needs at the lowest possible price.**

- Founded in 1961 by Mr. Gordon Reid
- The first store was in Ottawa's Byward Market
- A true Canadian success story

# A Leading Canadian Business

- 250+ stores and growing!
- Operational in 8 provinces.
- Employs over 9,000 Canadians.
- Recognized as a top employer.
- Committed to communities.
- Internal Distribution, Trucking, and Logistics.

# Strategy is for Growth

## 350 Stores by 2026

This is only possible through;

- Entering new markets through well researched and planned expansions
- Continuing to be an employer of choice; open and honest work environment where our people are our top priority
- Striving for continued operational improvement; transportation and logistics are key.

# Helping the Region

- Tall Ships “Captains Quarter” Sponsorship
- Kinsmen Club of Prescott –provide donations of clothing, home goods for distribution to those in need in the community
- Palliative Care Telethon $12,500 between stores and Home Office
- $5,000 donated to Community and Primary Health Care
- Earth Day Clean-up – A DC team was provided to help out
- Port Day sponsor
- Prescott Santa Claus Parade Float (Tiger Train)
- Flood Relief Efforts, Spring 2019 - $30,000 in food was donated

# Helping the Region

# The Decision to Reposition the DC Network Study

Mike Quinn

# Supply Chain Network

GTW Existing Distribution Network at the time of the Study consisted of:

- 3 Warehouse Facilities in Ottawa totalling close to 600,000 sq.ft.
- 2 Temperature control facilities  servicing ON, QC, Maritimes
- 2 Cross-Dock Facility in Montreal and Mississauga for store DSD
- Small Tiger Trucking fleet supported by many dedicated carriers.

# Distribution Network Study

The distribution network study depicts a distribution strategy until 2027
Deloitte worked with us on the entire project

**Scope**

The scope is a distribution network analysis for Giant Tiger's distribution operation in the eastern region of Canada (Ontario, Quebec and the Maritimes)

**Objectives**

**Develop** a baseline option projecting today's costs into the future and define three distribution network scenarios to consider in the option evaluation

**Analyze and map** the distribution network under each strategy, accounting for projected growth

**Perform** a detailed option evaluation and create a strategic distribution vision

# The Network Study

- **Giant Tiger conducted a network study in late 2014, to determine the optimal location for our distribution centre.**
- **The study took into account both existing store locations and future store growth**
- **The study determined that the Highway 401 corridor, between Brockville and Prescott was the optimal location**
- **Good Fit – *Leeds And Grenville "where lifestyle grows good business"***

# Why We Chose Johnstown

- **Johnstown Business Park was Ontario Certified Investment Ready Site**
- **The site offered full municipal services**
- **Over 300 acres of land – allows for future expansion**
- **Township excellent to work with – sale of land, permits**
- **Close to Ottawa - Staff retention – 80% chose to come with us**
- **Available LCV access to Highways 401 and 416**
- **Our network study showed that relocating to this area would potentially save over $1m annually in transportation costs**
- **Good Fit – *Leeds and Grenville "where lifestyle grows good business***

# Commitment to our Associates

Retaining our Staff was a key objective in choosing and planning the facility

- All staff offered a position in the new facility
- Communication / Transparency – keeping staff informed as events unfolded
- Monthly updates on the progress of the DC and fielding all Q&A
- Relocation packages to offset moving costs
- Talked about the new facility as an investment in Giant Tiger's future, and the future of our existing and future employees
- Creation of central community boards with information on Johnstown

# Ottawa to Johnstown Move

- Merchandise and staff relocation began June 2018 and was completed by January 2019
- 80% of our current GTW team chose to relocate with us
- Generous relocation packages were offered to retain staff
- Objective was to transition with minimal impact on stores
- Adjustments to store order schedules during the transition period was required to consolidate our other facilities and cross-dock in Johnstown/Ottawa

# Final Result

- ✓ Johnstown was the optimal location for the DC
- ✓ Retaining Staff was a top priority – 80%
- ✓ The proximity to stores and vendors was met
- ✓ LCV access was available at a minimal construction cost
- ✓ Land for future Growth available
- ✓ Design was completed and our choice for automation was Robotics

# Timeline Drone Video

# The Road to Automation

John Hubbard
VP, Distribution Operations

# John Hubbard - Introduction

- Vice President, Distribution Operations
- 25 years in operations
- With Giant Tiger for 13 years
- Operational lead for the DC project
- Project manager for the DC project

# Strategic Decisions

- Build a greenfield distribution center (DC)
- Understanding and supporting Giant Tiger's 10 year strategic growth plan (minimum of 5 years)
- Ensuring we maintain our current DC team and culture
- What does our competitive landscape look like in the next 10 years (minimum of 5 years)?
- The proper infrastructure and flexibility to meet our current and "FUTURE" customers' demands and expectations

# Why Automation?

150 cases per hour

vs.

# Why Automation?

- Our customers expect high quality products at an affordable price
- Support Giant Tiger's strategic growth plan
- The labor market pool is shrinking, changing, and competitive
- Our industry is moving to automation, start ups are already there!
- Robotic technology has matured, is more readily available, and affordable
- Invest now to continue to be competitive in the future
- The 3 "R's" - ROI, ROI, ROI

**"Customers expectations are exceeding the ability to manually fulfill orders"**

# Symbotic Video

# Why Symbotic?

Tiger's items are eligible for Symbotic
utbound volume is handled by Symbotic

- Autonomous case shuttle bots that run on static electricity
- All of the power is at the front of the structure, 80% of the structure is racking
- Only vendor that supplied inbound, case shuttle, and outbound automation
- Founder created Symbotic for handling grocery merchandise

# Ready for Automation?

- Understand your business strategy and future growth plans
- Understand your current and future customers' needs
- Understand your operation and processes
- Avoid making too many changes all at once
- Remain flexible
- Configure, develop processes, and implement with your own team
- Dedicated team for the project

# Winning Team for Success

LUNDY
MP LUNDY CONSTRUCTION INC.

TWP EC .ca | EDWARDSBURGH CARDINAL

GKC

symbotic™

CBRE

MWPVL International
Chaîne d'approvisionnement | Expérience

LAFARGE
Building better cities™

Associated Engineering | GLOBAL PERSPECTIVE. LOCAL FOCUS.

CANADA'S BEST MANAGED COMPANIES Platinum member

Deloitte.

GIANT TIGER | 100% Canadian owned, eh!

# Driven For Success

James Johnstone
AVP, Transportation

We are
Canada
GIANT TIGER
TIGRE GÉANT
MACK
GIANT TIGER
TIGRE GÉANT
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# James Johnstone - Introduction

- Associate Vice President, Transportation
- 15 years in Transportation / Logistics
- With Giant Tiger for 2 years as of February ’20
- Responsible for international + domestic transportation.
- Freight Management Association of Canada, BoD Member.

# Tiger Trucking

- Tiger Trucking has been in operation since 1987 serving Giant Tiger stores as a Private Fleet.

- Private fleets are trucking operations that are operated by a specific corporation, in this instance, Giant Tiger whose primary business purpose isn't trucking but still rely heavily on trucking within their operations.

- Based out of the Johnstown, DC with a satellite yard in Moncton, NB, Tiger Trucking operates an ultra modern fleet of equipment with 100+ drivers dedicated to service our store distribution network.

# International Transportation

- Direct importation of goods from overseas managed by our import team located at Giant Tiger HO.
- In-house customs team.
- Strategic transloading process operating on both East and West Coast ports.
- Intermodal service to bring goods to eastern Canada from West Coast.
- Tiger Trucking utilized from East Coast ports.

# Location, Location, Location…

- New, modern facility with attractive amenities for staff.
- Direct 401 / 416 access.
- Located closer to GTA.
- Larger pool of professional drivers in region.
- LCV accessible.

Une entreprise
fièrement canadienne!
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MACK
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# LCV Program

- Johnstown DC planned for future LCV use as part of distribution operations.

- Local roadway improvements made in our community to accommodate this program at 401 WB exit 721.

- Allows GT safe and more efficient movement of goods throughout our network where LCV's are permitted to travel.

# LCV - Environmental Impact

Removing one truck from our distribution schedule is equal to..

68.6 homes' electrical use for 1 year

or

232 barrels of oil

or

Energy used by 31.4 cars for 1 year

or

43,680L of Diesel

# KwikZip Graphics System

- Our Tiger Trucking fleet is outfitted with the KwikZip graphics, we're the first fleet in Canada with this system.

- Graphics can be installed or changed in as little as 45min.

- Graphics can be removed and reused without limitation, at the end of a marketing campaign, the material can be recycled.

# Data Driven

- Transport companies, including Tiger Trucking are on the verge of even more extensive digitalization. Terms like Big Data, AI (Artificial Intelligence) and IoT (Internet of Things) are becoming more common in the industry.

- Data can be used for decision making based on real facts. Companies that early gets "data-driven", i.e. who base their decisions on actual data, will have a big advantage compared to companies that manages the business based on gut feeling.

- We collect data from the operations (e.g. km-production, driving behavior, fuel consumption, waiting time, empty runs, order statistics) and generate extensive reporting to guide our outbound and inbound planning.

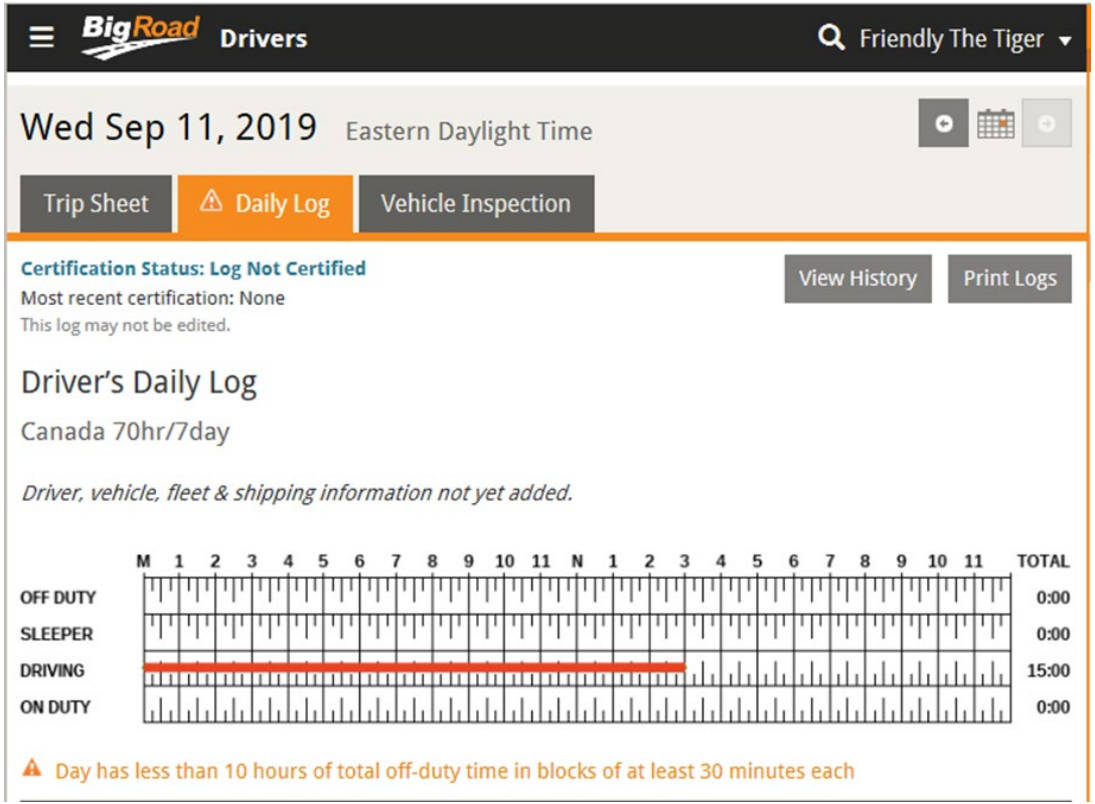
# Data Driven - IoT

- IoT (Internet of Things) is a term used to explain how more and more devices in the future will be connected and able to communicate with each other.

- This can consist of phones, vehicles and sensors inside cargo spaces. One example of this is when the vehicle, sensors in our trailers, the driver's mobile phone/tablet and the transportation manager’s computer are connected through the same system and make use of the same data.

- Giant Tiger uses these data points for various functions across our organization; fuel tax in finance, fuel economy in the fleet department and trailer temperatures in health & safety are great examples of the cross functional use of our data.

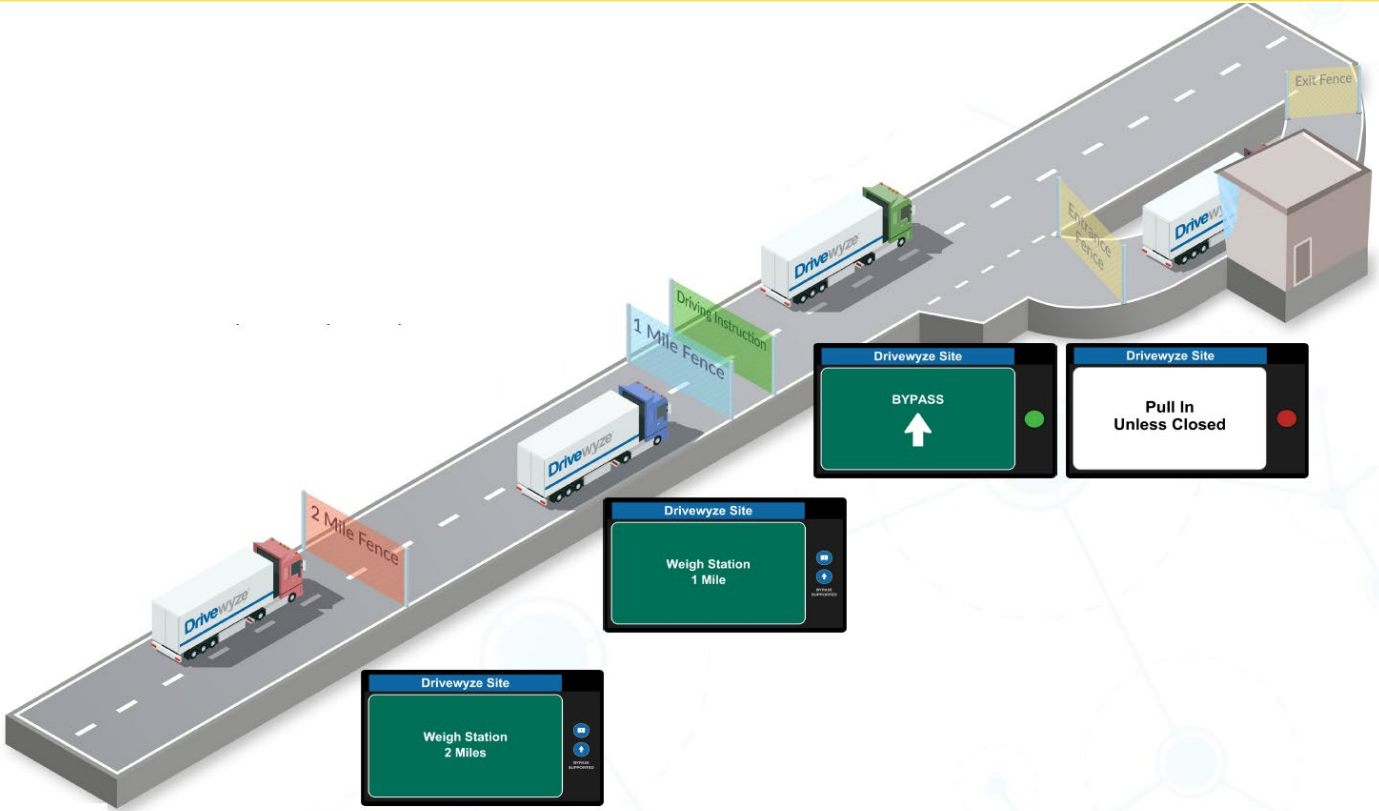
# Data Driven Tools - ELD



# Data Driven Tools - Telemetrics

# Data Driven Tools - Geofence

# Data Driven Tools - DriveWyze



# Questions for Discussion

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100% Canadian owned, eh!

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