



LOGISTICS 2009

February 8-11, 2009 · Gaylord Texan · Dallas, Texas



Title Sponsor :





Achieving Results With PRIDE

February 9, 2009

Game-Changing Results

- Year 1
 - E2 increased productivity at least 35% in each DC
 - Some facilities improved more than 80%
-
- Continued success
 - Doubled network-wide productivity
 - Delayed startup of two 1MM sq ft DCs
 - Daily shipments to stores reducing network inventories
 - Reduced accident rate 50%
-



Starting Out Already On Top

- Sales tripled over 6-year period

- Productivity increasing about 10% annually

- Rapidly expanding DC network



Why Change – PUMP Assessment

Pace = Motivated, sustainable rate of effort

Utilization = Time spent on productive activities

Methods = Proper work step sequence, workstation layout, etc.

Performance

	Pace	x	Utilization	x	Methods	=	Performance
Observed PUMP	80%	x	85%	x	90%	=	61%
Goal PUMP	95%	x	90%	x	100%	=	86%
							40% Improvement



Major Change Needed – Culture

Production Culture

- Are we hitting our daily throughput numbers?
- Are people kept busy?
- Are associates certified on equipment and processes?
- Are team members hitting their UPH goal?

Performance Culture

- Are we meeting our performance goals?
- Are we doing the right things for our customers?
- Are associates receiving proper training and coaching?
- Are team members motivated to continually improve?



Culture Change

Not changing who you are.
Changing how you do things.



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So Who Are We?

Passion *for and fun in all we do*

Respect *for the individual, team, and Lowe's*

Integrity *and accountability at all levels*

Diversity

Excellence *in all we do*



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Change Starts With Leadership

RDC LEADERSHIP PLEDGE
“More, Better, Faster, ... for Less”



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Change Starts With Leadership

Competitive advantage is YOU

- Demonstrate positive leadership
- Embrace change
- Foster a core value-based environment
- Provide exceptional service
- Create cultural excellence and PRIDE

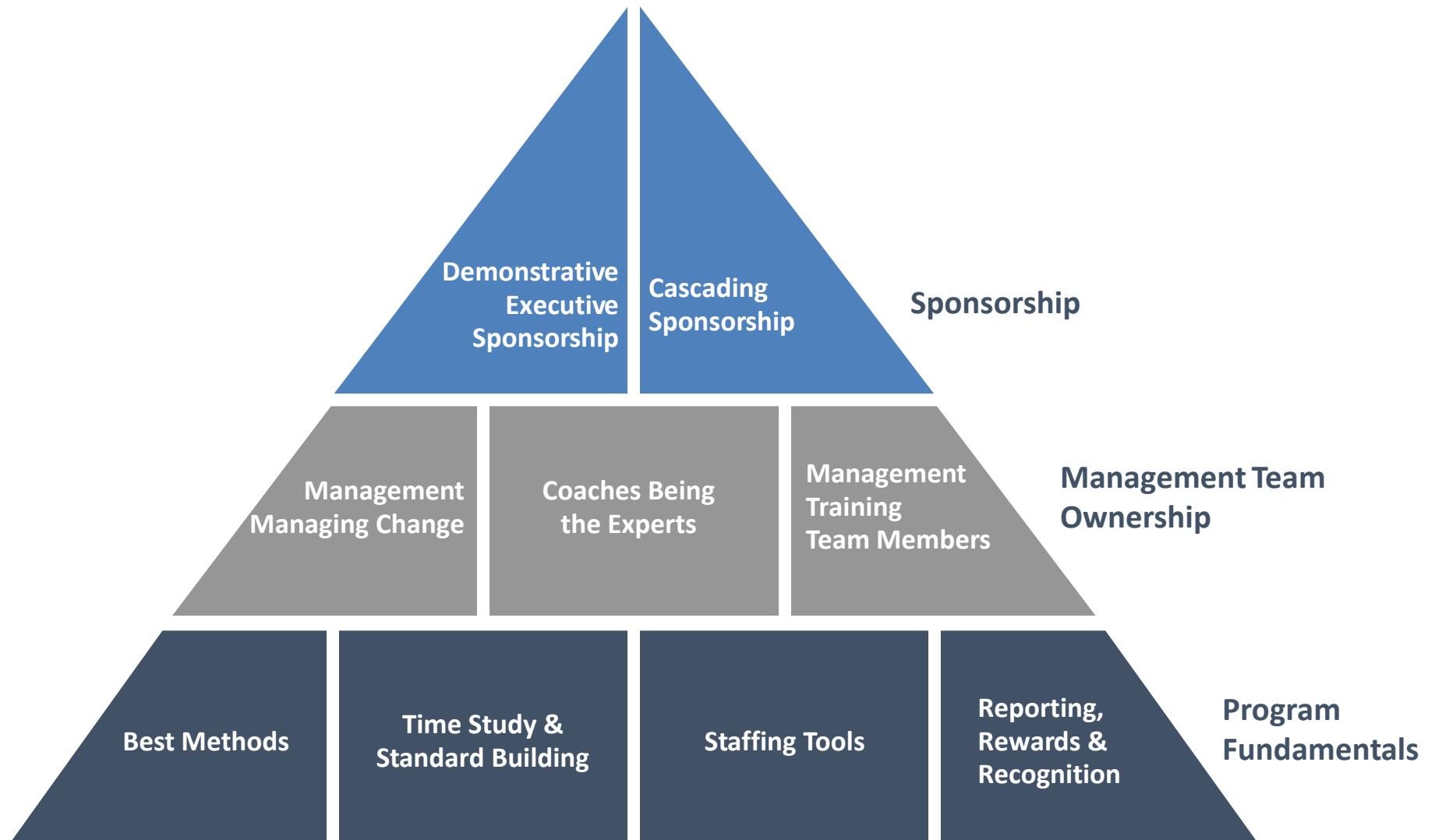


How Do We Change?

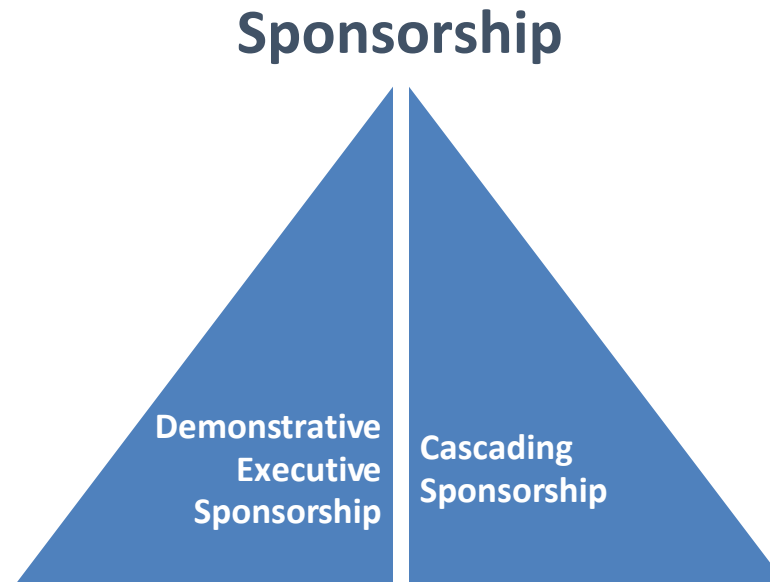


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Culture Change – Building Trust



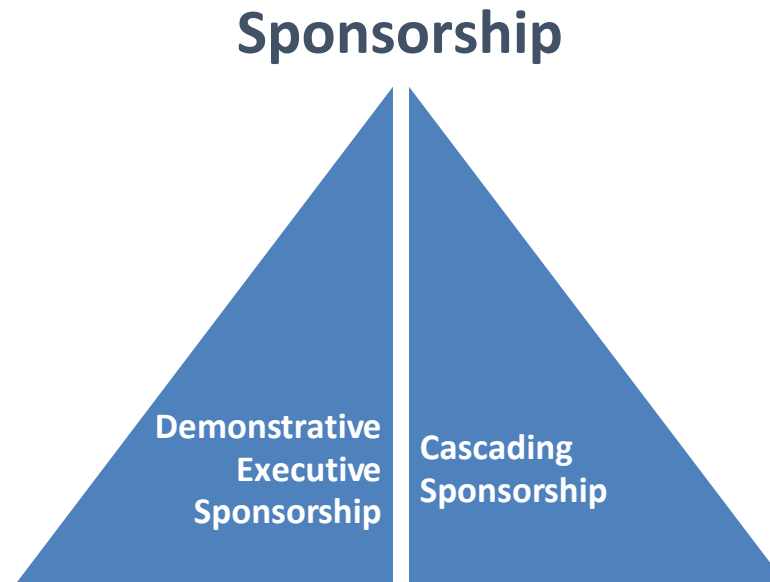
Culture Change – Building Trust



“Lowe’s survives (and *thrives*) today because we change.”



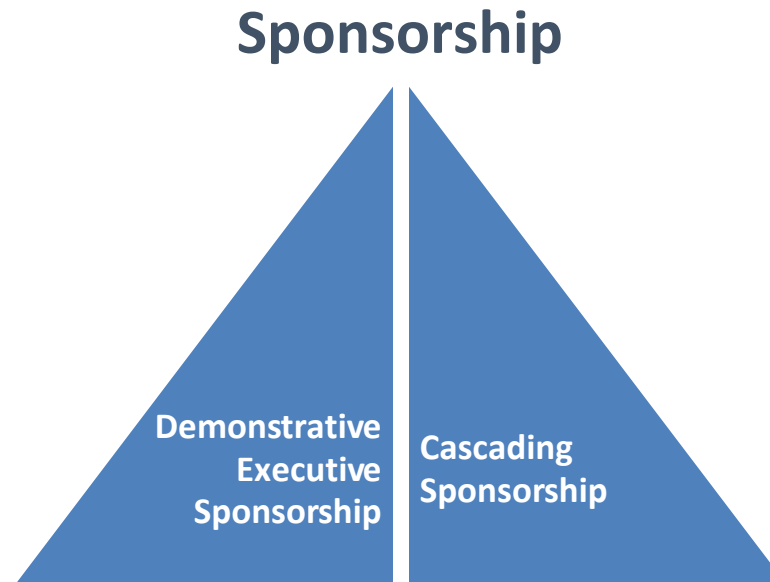
Culture Change – Building Trust



“Nothing is static,
especially not our competitors.”



Culture Change – Building Trust



“Weak sponsors must be educated or replaced,
or failure is inevitable”

Culture Change – Building Trust

Management Team Ownership



“There’s so much resistance to change, but the people that resisted the most are now my best performers.”



Culture Change – Building Trust

Management Team Ownership



“My coach never really used to understand my job, but now he’s really helping me improve my performance.”



Culture Change – Building Trust

Program Fundamentals



“We changed everything there is to change
in the building
except our battery changing process.”



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Culture Change – Building Trust

Program Fundamentals



“We do more work with less people,
and they’re actually glad to do it!”



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Enabling Technologies

Performance Measurement

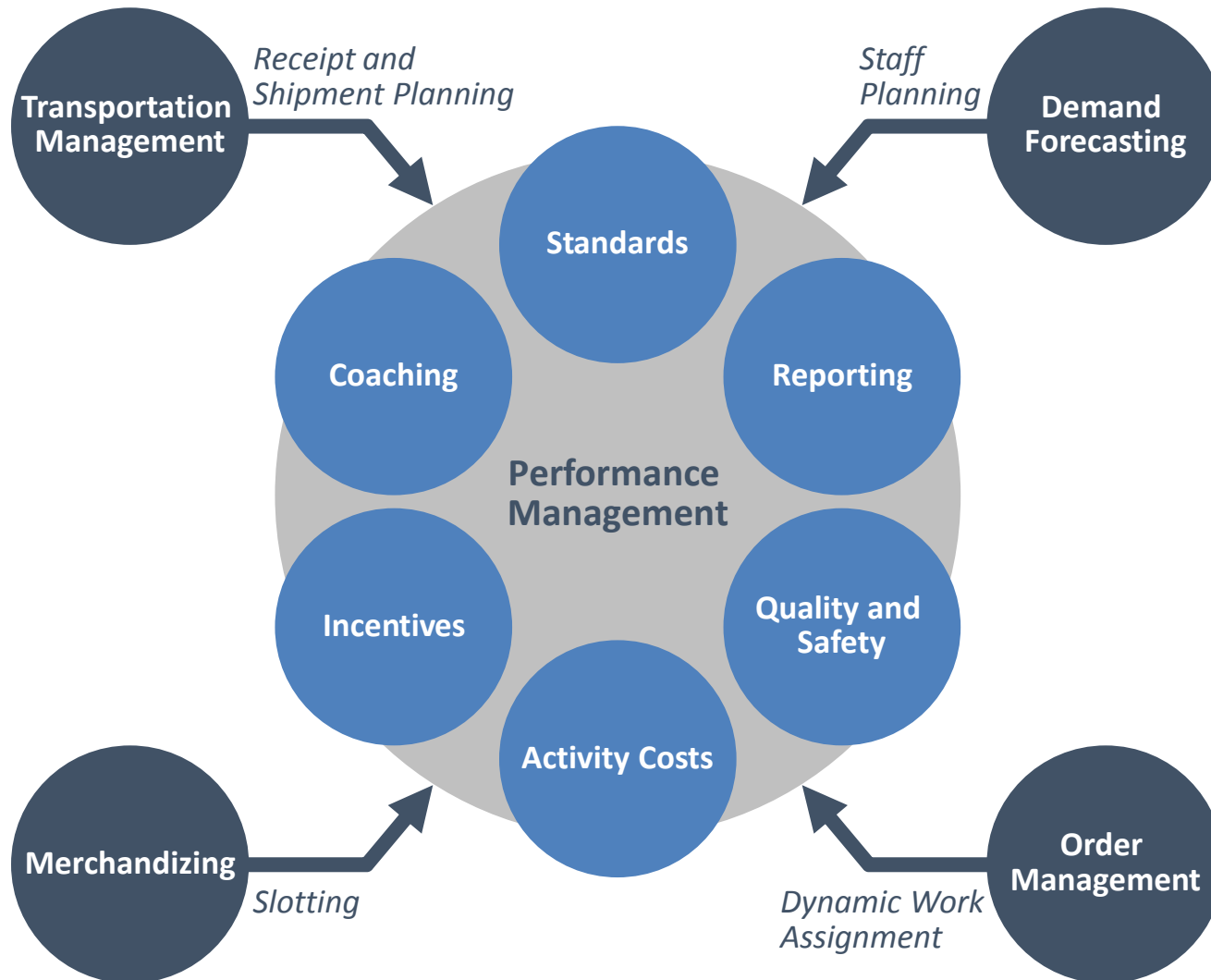
- Performance against standard

- Real-time reporting

- Travel-distance calculation

- Incentive-pay calculation

Enabling Technologies



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- And we're not done improving...



Performance Culture

- Never-ending sponsorship
- Transparency = Trust
- Continuous improvement



Q&A



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