Retail Supply Chain Update
May 13, 2020

Supply chain is stressed, not broken

- Abe Eshkenazi, CEO of the Association for Supply Chain Management (ASCM) says the supply chain is stressed, not broken.
- “When you take out labor, one of the most significant aspects of the supply chain, you're going to have a significant disruption within the supply chain. So I think we can understand that from Tyson Foods' perspective, they're dealing with a new and unforeseen break in their services. But I think we also have seen that it takes time for supply chains to respond. So I don't know that they're as much broken as they are stressed right now for the food supply chain” Eshkenazi said.
- As far as empty shelves, Eshkenazi says: “So it's taken a while for the supply chains to respond to the spike in demand, but it’s also critical that we recognize that this is a spike. This is not a new demand signal at that level. When we take a look at utilization, we’re not looking at an increase in terms of food or consumer packaged goods. So we’ve still got the same mouths to feed and the same bottoms to wipe as we had two or three months ago. It’s just that we’re seeing a shift in terms of where the demand is being sensed right now, and that is in a home based environment.”
- Eshkenazi says about the supply chain catching up: “We're in a period right now where you're going to see some stockouts, where you're going to see some changes in terms of buying behavior or availability of the products, but the system will catch up,” he said. “It just takes a little time for not only the companies to ensure that they have a safe working environment, but also for the employees to feel like they can come back and provide it.”
- Problems large families are facing with limits: “As the system catches up, I think we’ll see an easing of that but it also does present a problem because the quotas are not relative to family size,” he noted. “They're relative to the buyer. So a family of five or six has the same quota as a family of two. So we have to be aware of the current circumstances that these individuals are facing. It’s not a one size fits all” says Eshkenazi.
- Looking forward, Eshkenazi said, “As we evaluate getting out of this disruption, I think we’ll spend quite a bit more time on risk and resiliency, and identifying what are those critical elements that we need to ensure that are of national interest and national security. And I think everybody would agree that our food supply chain is of the utmost criticality for our consumers and patients alike.”
- More on the future, Eshkenazi also says “I fully expect organizations as well as supply chain professionals to take up the challenge on how to respond in the future to these types of disruptions,” he continued. “So I’m looking forward to not only putting this disruption behind us, but more importantly, identifying the things that we can do as an industry to respond to the challenges that we face today and in the future.”
- Full video interview with Eshkenazi available here: https://www.youtube.com/watch?time_continue=3&v=DFi5c73FJeA&feature=emb_logo
Walmart to pay second round of bonuses to employees

- The company will pay a second cash bonus totaling $390 million to employees on June 25.
- The bonus will be the same as the first one announced March 19: $300 for full-time and $150 for part-time hourly and temporary employees.
- Recipients will include hourly associates in stores, clubs, supply chain and offices, drivers, and assistant managers in stores and clubs, who worked amid booming customer demand for food and other essential supplies since COVID-19 was declared a national emergency in March.
- Including earlier payments, the company said it has committed more than $935 million in bonuses for hourly workers so far this year.

Publix and Giant increase aid to farmers and small businesses in the food supply chain

- In just two weeks, Lakeland, Fla.-based Publix has purchased more than 1 million pounds of fruit and vegetables and over 100,000 gallons of milk from farmers saddled with surpluses to donate to Feeding America food banks.
- Under the initiative, Publix buys excess fruit, vegetables and milk directly from produce and dairy farmers, who have seen demand plummet due to business shutdowns and consumer lockdowns amid the pandemic. Publix then donates the produce and milk to food bank members of Feeding America in the grocer’s market area.
- The rescue program saves farmers from being forced to discard surplus food while providing a lifeline to the 17 million people that Feeding America estimates will experience food insecurity because of the coronavirus outbreak, noted Publix, which operates 1,242 stores in Florida, Georgia, Alabama, Tennessee, South Carolina, North Carolina and Virginia.
- Carlisle, Pa.-based Giant said Monday that it has doubled funding to $500,000 for small businesses — all part of its home state’s food supply chain — under an emergency grant program done in partnership with Team Pennsylvania.
- Giant’s funding is in the form of grants ranging from $2,500 to $15,000.

Tyson Foods

- Out of the 403 employees and contractors who work at the company’s poultry processing facility in Portland, Maine, 51 tested positive for COVID-19, including 31 individuals who did not show any symptoms.
- Employees who test positive receive paid leave and may return to work only when they have met the criteria established by both the CDC and Tyson.
- Testing at the Portland facility took place May 2 - 4 while the plant was temporarily closed for deep cleaning and sanitization.
- On Tuesday, Tyson Foods and Elkhorn Logan Valley Public Health Department released results of COVID-19 testing at a Tyson plant in Madison, NE. Of the 1,467 employees and contractors who work at the facility, 212 tested positive, and 74 of those were asymptomatic.
- Mass testing at the Madison facility took place from May 1-May 4 while the plant was temporarily closed for deep cleaning and sanitization and to allow time for the testing results to be received.
COVID-19 cases in NC tied to meat processing plants

- There are 23 outbreaks at processing plants in the state affecting at least 1,340 employees, according to data the N.C. Department of Health and Human Services provided Tuesday.
- The plants are in Bertie, Bladen, Burke, Chatham, Duplin, Lee, Lenoir, Richmond, Robeson, Sampson, Surry, Union, Wilkes and Wilson counties.