

Grainger: Re-Engineering an International Supply Chain

Historically, Grainger had been a US-centric business. However, between 2000 and 2010, its focus expanded significantly and Grainger was in the process of establishing a world-class global supply chain. In 2009, a strategic initiative was created to re-engineer the Grainger global supply chain. The initiative paired a team of three graduate students from the University of Michigan with an internal team of supply chain leaders and subject-matter experts focused on taking both time and cost out of the global supply chain and creating a more robust global infrastructure. The student team proposed two primary supply chain re-engineering options, and the company had to make a decision about which, if either, of those options to pursue.

Company Background

Grainger, with 2008 sales of \$6.9 billion, was a leading broad-line supplier of facilities maintenance products serving businesses and institutions in the United States, Canada, Mexico, China, Panama, and other countries. Through a highly integrated network including more than 600 branches, 18 distribution centers and multiple Web sites, Grainger's employees helped their nearly 2 million customers, as the company's motto touted, to "get it done." Details of Grainger's business profile are provided in **Exhibit 1**.

When a customer needed one of the products that Grainger sold, the customer often needed it right away. A Grainger box carried more than just the products that came inside it, since Grainger differentiated itself from its competition in many ways. The company prided itself on outstanding customer service, easy ways for customers to do business, and high levels of inventory availability. Grainger offered almost 900,000 products, from safety supplies to pumps and motors to electrical supplies and fasteners—products that helped keep customers' businesses running. Whether a valve broke on a water pipe, an electrical fuse blew, causing lights to go out in a hospital, or a drill bit broke off during a job, these issues had to be resolved quickly. Customers also depended on Grainger for everyday supplies such as air filters and cleaning supplies. Just offering customers a wide range of products, however, was not enough. Grainger provided 24/7 customer service, a network of local branches, a team of dedicated sellers who understood their customers' businesses, easy online ordering, and same- and next-day delivery.

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