

January, 2014  
San Juan, Puerto Rico

To whom it may concern:

Econo Riago operates 5 stores from the Econo Supermarkets, the leading independently owned chain in Puerto Rico. Riago was founded in 1987.

Since July 2013 to January 2014, **London Consulting Group** and Riago engaged in a project with the main target of defining and implementing processes in the purchasing, warehouse and store operations departments, improving our operations margins and increase the management skills of our supervisors.

The annualized Return Of Investment (ROI) in this project is **5:1**. I would like to highlight some of the main achievements:

**Quantitative improvements:**

- 39% shrinkage reduction in the meat department.
- 32% shrinkage reduction in the company.
- 6% increase in storage space.
- 14% Increase of the productivity index that allow the company to reduce the payroll (according to the index Sale per man hour).
- 8% reduction in the payroll vs. sale index.

**Qualitative improvements:**

- Negotiation process redesign based on service level indicators (Fill Rate, On Time, OTIF, etc.) in our stores.
- 5'S philosophy implementation in the entire stores and their areas.
- Process standardization to identify, control, record and analyze information to develop action plans to reduce shrinkage in the stores.
- Process redesign for credit, transfers, returns and inventory control.
- Implement a displays stores layout tool to follow up with the benefits and actual negotiations and identify opportunities to rent spaces in the stores.
- Definition of planning work schedules tool according to client traffic, items scanned per hour and sales projections.
- Design and implementation of Dashboard and KPIs to support management and decision making.

During the project, London executed a change management seminar to involve store managers and their teams, turning their behavior from survivor to functional or team builders. This seminar was fundamental to support the achievement of project targets.

This experience with LCG has been highly satisfactory, and the main reason we have decided to develop a project extension which will be equally challenging and with high benefits for our company.

Respectfully yours,



Juan Carlos Agosto  
Executive Director