

# WELCOME!

## Automation Entitlement & SQEP Training Session



**Thank you for joining! We will begin shortly.**



**Please scan the QR code to capture your  
attendance**

# Agenda

- 1 Anti Trust
- 2 Admin & Thank You
- 3 Automation Entitlement & Why It's Important
- 4 Defects & Best Practices
- 5 Resources
- 6 Feedback

***Please do not hesitate to ask questions throughout using the Q&A feature!***

# Walmart Antitrust Overview

**During this meeting, you must avoid discussing:**

- Pricing
- Cost of goods, margins, profits, production levels or anything that could affect pricing
- Terms of sale
- Your competitive strategies
- Promotional plans
- Dividing markets or customers
- Your business plans with other retail customers
- Non-public information regarding employee wages and benefits
- Any other competitively sensitive information

**You will have an opportunity to discuss strategic issues with your Walmart buying team on an individual basis – do not do so in front of your competitors.**

**Follow your company's antitrust policy and Walmart's Supplier Antitrust Guidelines.**

**If you have any questions, please contact your company's legal counsel.**

# Thank you for being a part of our Automation Journey!.



Understand Automation Entitlement  
Definition, Data, and Why It's Important



Understand Data and How to Action

01

**AE Vision Inside SQEP**

02

**How do we leverage  
Data to Partner**

## Admin

- We're on a 4-week webinar journey
  - At the end – we will post this recording in FAQs
- We have a small but mighty team!
  - Please read FAQs first
  - Please check back in FAQs as they're being updated
  - If your question isn't present, we're here to support! And we'll get your question into FAQ

- By Friday at Noon, you'll receive
  - Copy of Slides
  - Copy of Comms
  - Two excel sheets
    - Automation Entitlement Data
    - Review and Response Form

- Our distros are a combination of:
  - Admin in AMA
  - RISM collected contacts
- We want to make this easier – but please help us distribute

# Defining Automation | Eligibility vs Entitlement

Establishing clear criteria to measure performance and identify gaps to drive faster service and lower cost to serve.

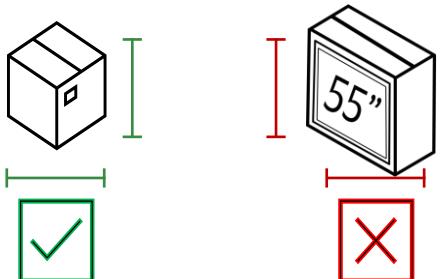


## Automation Eligibility

### Can it flow through automation?

Yes or No, based on item attributes permitting automation flow

Eligibility is established when case dimensions (height, width, length), weight and pack type fall within automation parameters.

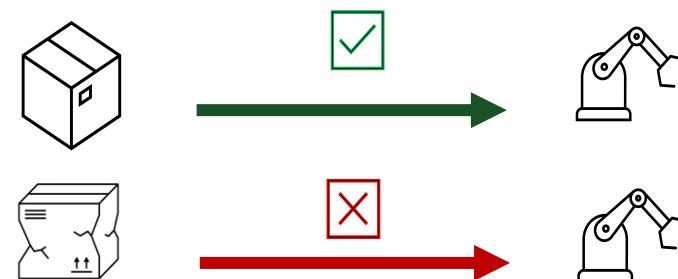


## Automation Entitlement

### Does it flow through automation?

Yes or No, based on presence of defects impacting automation flow.

Entitlement is the percentage of eligible cases able to successfully flow through automation.



# Automation Strategy | Scale Smarter, Serving Better & Grow Together

Leveraging automation to deliver speed, availability, and accuracy enabling sustainable growth.

## Faster Speed to Shelf



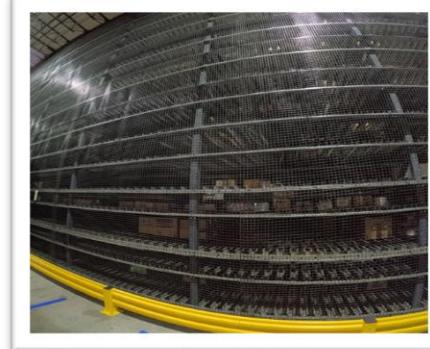
Store-ready pallets enable direct-to-aisle delivery, minimizing touches and getting product to shelf faster.

## Improved On Shelf Availability



Faster replenishment cycles reduce nil picks and increase shelf availability, enhancing customer shopping experience.

## Increased Accuracy

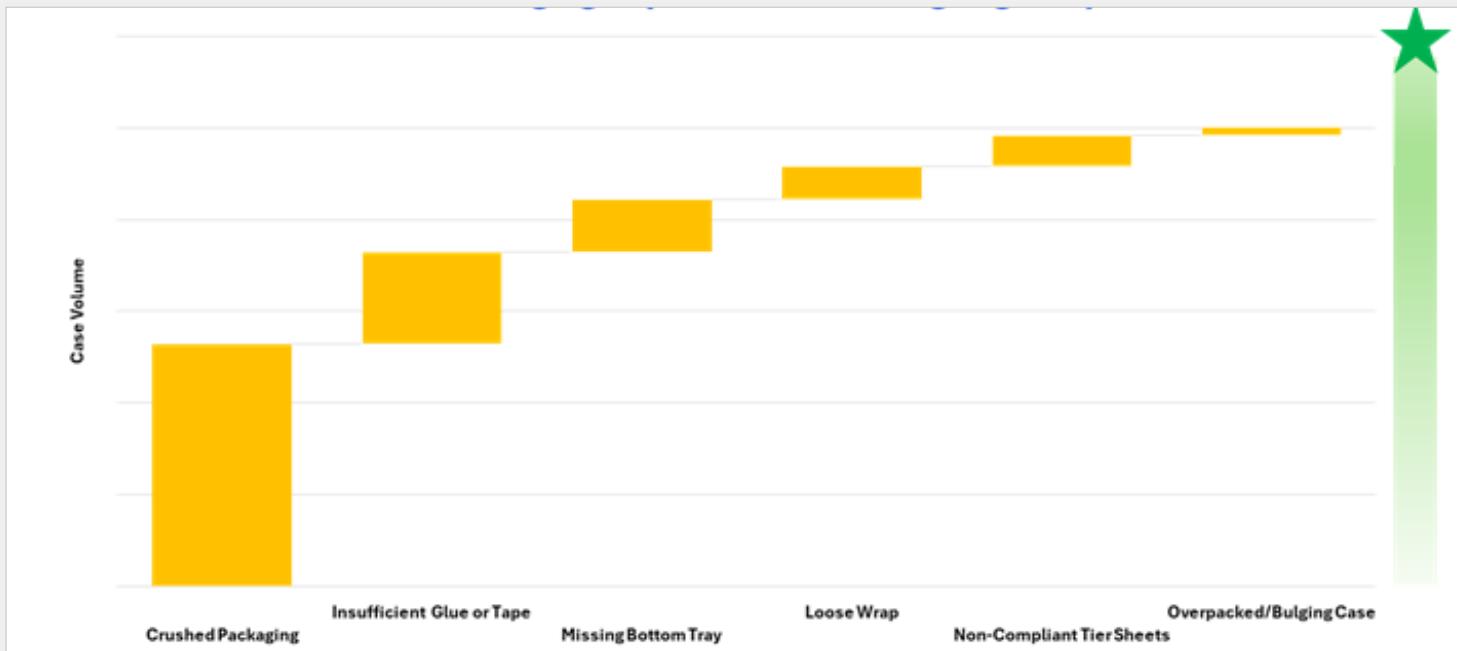


Greater precision in inventory placement and fulfillment ensures customers receive the right product, every time.

# Automation Strategy | Prioritization to Scale Automation

Targeting the Top 6 packaging defects to drive automation entitlement and sustainable growth.

## Improving 6 Packaging Defect Drives Entitlement Performance



### Complexity Meets Action

- Solution complexity varies.
- Action to correct is needed.
- Early action enables impact & progress.

### 3-12 Months – Straightforward & Fast

- Insufficient Glue/Tape
- Loose Wrap
- Non-Compliant Tier Sheet

### 12-18 Months – Complex

- Crushed Packaging
- Missing Bottom Tray
- Overpacking/Bulging



### AUTOMATION ENTITLEMENT GOALS

The goal is to increase automation entitlement through improving packaging and reducing key defects



### PACKAGING DEFECTS BARRIER

Poor secondary packaging like missing trays, crushed packaging, and insufficient glue/tape obstruct automation and reduce store efficiency.



### SUPPLIER PARTNERSHIP

Addressing secondary packaging challenges through supplier partnerships unlocks efficiencies and enhances customer experience.

# Advancing Automation | Top 6 Defects

Prioritizing the Top 6 Defects to advance automation entitlement.

## Defects Impacting Automation Entitlement



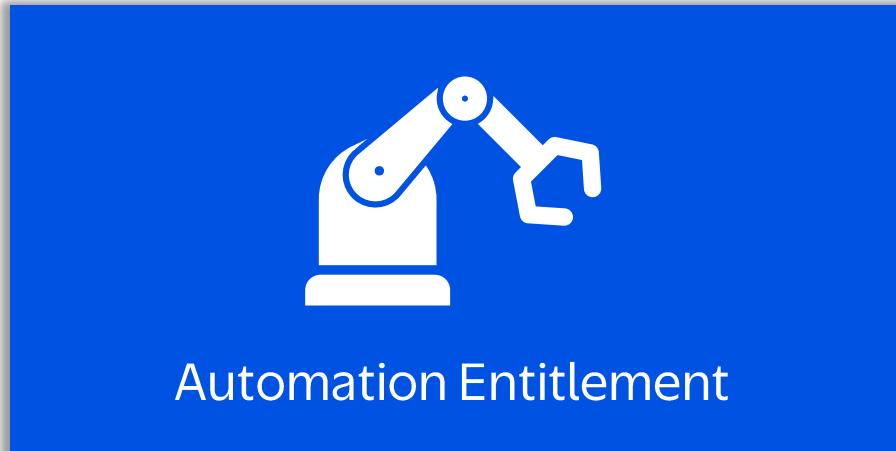
Packaging



Barcode



Pallet



**Top 6 Defects**  
High Impact, High Frequency



# Top 6 Defect | Packaging Easily Crushed

Packaging does not maintain structural shape or crushes easily during normal handling.

Requirements	Impacts	Common Causes	Best Practices
<p><b>Structure</b> Packaging must maintain <u>structural</u> shape during normal <u>handling</u> &amp; automation.</p> <p><b>Support</b> Packaging must be strong enough to support the <u>weight</u> of other cases without <u>crushing</u>.</p> <p><b>Case Deviation</b> Cases must remain free of <u>bulging</u> or <u>compression</u> to stay within .25" per side or 0.5" total deviation.</p> 	<p><b>Automation Failure</b>  Dimension deviations prevent accurate item identification &amp; pallet induction.</p> <p><b>Manual Processing</b> </p> <p><b>Inventory Delays</b> </p> <p><b>Product Damage</b>  Crushed cases expose selling units to breaking, crushing, or loss.</p> <p><b>Inventory Availability</b> </p> <p><b>Lost Sales</b> </p>	<p><b>Structural Design</b> Excessive <u>headspace</u> or <u>perforation</u> designs compromising vertical strength.</p> <p><b>Material Integrity</b> Inadequate <u>fiber</u> grade or <u>flute</u> type.</p> <p><b>Unitization Configuration</b> Non-vertical flute orientation, <u>interlocking</u> patterns, or pallet <u>overhang</u>.</p> <p><b>Pallet Quality</b> <u>Missing</u> or <u>damaged</u> deck boards fail to provide a supportive base.</p> <p><b>Pallet Wrap Application</b> High <u>tension</u> pallet wrap, or poor <u>stability</u> causing cumulative material <u>fatigue</u>.</p>	<p><b>Packaging Design</b> Minimize headspace. If using perforations, utilize high-performance designs.</p> <p><b>Material Quality</b> Confirm fiber grades &amp; flute profiles for weight &amp; stacking with a 5:1 safety factor.</p> <p><b>Optimize Unitization</b> Utilize quality pallets &amp; hybrid stacking to maximize vertical flute alignment with no overhang.</p> <p><b>Pallet Wrap Management</b> Set &amp; monitor pallet wrap tension to prevent crushing cases &amp; maintain stability.</p> <p><b>Performance Testing</b> Conduct ISTA testing to confirm <u>case integrity</u>. (Refer to Required Package Testing section of the <a href="#">Packaging Guide</a>.)</p>

Note: Packaging Easily Crushed frequently overlaps with Poor Perforations

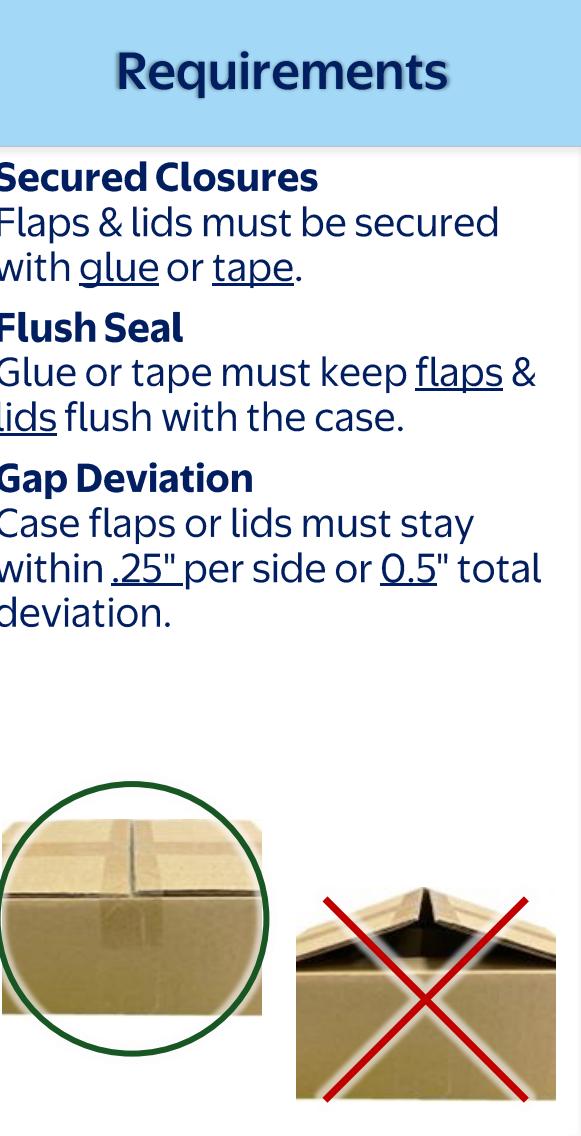
# Top 6 Defect | Overpacked/Bulging Cases

Contents do not fit properly in the case resulting in bulging.

Requirements	Impacts	Common Causes	Best Practices
<p><b>Surface Continuity</b> Packaging must maintain <u>structural</u> shape with continuous <u>flat</u> surfaces.</p> <p><b>Proper Sizing</b> Packaging must be properly <u>sized</u> to contain product without <u>distortion</u>.</p> <p><b>Case Deviation</b> Cases must remain free of <u>bulging</u> to stay within .25" per side or 0.5" total <u>deviation</u>.</p> 	<p><b>Automation Failure</b> Dimension deviations prevent accurate item identification &amp; pallet induction.</p> <p><b>Manual Processing</b></p> <p><b>Inventory Delays</b></p> <p><b>Product Damage</b> Bulging cases can expose selling units leading to tearing or loss.</p> <p><b>Inventory Availability</b></p> <p><b>Lost Sales</b></p>	<p><b>Structural Design</b> Attempting to fit too much <u>product</u> or utilizing <u>dimensions</u> that do not account for product <u>movement</u> over time.</p> <p><b>Product Expansion</b> Internal <u>pressure</u> from soft goods expands after packing, causing case walls to bulge.</p> <p><b>Material Integrity</b> Thin or inadequate <u>corrugated</u> grades &amp; tape <u>seals</u> fail to contain internal pressure.</p>	<p><b>Packaging Design</b> Utilize right-sized case dimensions that account for product shifting or settling.</p> <p><b>Expansion Control</b> Utilize vacuum-sealed bags for soft goods to prevent product expansion.</p> <p><b>Material Quality</b> Utilize adequate corrugated material that maintains structural integrity.</p> <p><b>Performance Testing</b> Conduct ISTA testing to confirm case integrity. <small>(Refer to Required Package Testing section of the <a href="#">Packaging Guide</a>.)</small></p>

# Top 6 Defect | Insufficient Glue or Tape

Case flaps or lids do not remain securely sealed with glue or tape.

Requirements	Impacts	Common Causes	Best Practices
<p><b>Secured Closures</b> Flaps &amp; lids must be secured with <u>glue</u> or <u>tape</u>.</p> <p><b>Flush Seal</b> Glue or tape must keep <u>flaps</u> &amp; <u>lids</u> flush with the case.</p> <p><b>Gap Deviation</b> Case flaps or lids must stay within <u>.25"</u> per side or <u>0.5"</u> total deviation.</p> 	<p><b>Automation Failure</b> Dimension deviations prevent accurate item identification.</p> <p><b>Manual Processing</b></p> <p><b>Inventory Delays</b></p> <p><b>Product Damage</b> Unsecured selling units are exposed to crushing, breaking, or loss.</p> <p><b>Inventory Availability</b></p> <p><b>Lost Sales</b></p>	<p><b>Structural Design</b> Adhesive-free case designs (such as fan-folding) lack a <u>permanent</u> seal.</p> <p><b>Adhesion Failure</b> Bond failures due to poor machine <u>compression</u>, improper <u>application</u>, or incompatible <u>surfaces</u>.</p> <p><b>Substandard Materials</b> Adhesive is expired, <u>low-grade</u>, or not rated for supply chain conditions like <u>temperature</u> &amp; <u>humidity</u>.</p> <p><b>Pallet Wrap Application</b> High tension pallet wrap <u>pops</u> case seals or wrap <u>sticks</u> to exposed adhesive.</p>	<p><b>Packaging Design</b> Secure closures with glue or tape. If taping, use 2" minimum width with a 2" overhang on both ends.</p> <p><b>Application Audits</b> Perform regular quality checks to ensure tape or glue is bonding correctly.</p> <p><b>Adhesive Quality</b> Use unexpired, environment-rated adhesive.</p> <p><b>Pallet Wrap Management</b> Set &amp; monitor wrap tension to prevent seal breakage &amp; ensure film does not contact adhesive.</p> <p><b>Performance Testing</b> Conduct ISTA testing to confirm case <u>integrity</u>. (Refer to Required Package Testing section of the <u>Packaging Guide</u>.)</p>

Note: Insufficient Glue or Tape frequently overlaps with Selling Units Not Secured

## Top 6 Defect | Missing Bottom Tray

Required trays are missing or do not meet tray height.

Requirements	Impacts	Common Causes	Best Practices
<p><b>Surface Continuity</b> Trays must be used to ensure a continuous, <u>flat</u> base &amp; sides for shrink-packed &amp; bagged items.</p> <p><b>Standard Tray Height</b> Trays must be a <u>minimum</u> 2" high, unless the item is fragile.</p> <p><b>Fragile Item Height</b> Trays for glass/ceramic items must be a <u>minimum</u> 3" high or extend beyond the largest product diameter, whichever is smaller.</p> 	<p><b>Automation Failure</b> Inconsistent dimensions &amp; surfaces prevent automated handling.</p> <p><b>Manual Processing</b></p> <p><b>Inventory Delays</b></p> <p><b>Product Damage</b> Unprotected selling units are exposed to breaking, crushing, or loss.</p> <p><b>Inventory Availability</b></p> <p><b>Lost Sales</b></p>	<p><b>Structural Design</b> Not utilizing a bottom tray, creating an <u>uneven</u> or <u>discontinuous</u> base &amp; sides.</p> <p><b>Tray Dimension</b> Tray heights are less than the required <u>minimums</u>.</p> <p><b>Material Integrity</b> <u>Thin</u> or <u>inadequate</u> tray materials fail to maintain <u>structural</u> height.</p>	<p><b>Packaging Design</b> Utilize a tray for all items lacking a continuous flat base.</p> <p><b>Structural Integrity</b> Maintain tray height minimums based on item type.</p> <p><b>Material Quality</b> Utilize adequate corrugated materials that maintain structural integrity.</p>

# Top 6 Defect | Loose wrap

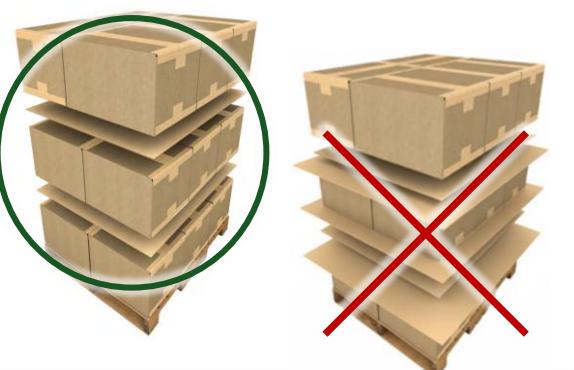
Shrink wrap does not fit tightly around the case, does not fully enclose the selling units, or has protruding ends.

Requirements	Impacts	Common Causes	Best Practices
<p><b>Secure Fit</b> Film must conform tightly without <u>excess</u> materials or protrusions.</p> <p><b>Contained</b> Wrap must fully <u>contain</u> selling units &amp; prevent <u>shifting</u> or <u>falling</u> out.</p> <p><b>Wrap Deviation</b> Shrink film must stay within <u>.25"</u> per side or <u>0.5"</u> total deviation.</p> 	<p><b>Automation Failure</b> Dimension deviations prevent accurate item identification.</p> <p><b>Manual Processing</b></p> <p><b>Inventory Delays</b></p> <p><b>Product Damage</b> Unsecured selling units are exposed to crushing, breaking, or loss.</p> <p><b>Inventory Availability</b></p> <p><b>Lost Sales</b></p>	<p><b>Film Dimension</b> Inaccurate <u>sizing</u> leads to bond &amp; containment <u>failures</u> or bunched &amp; protruding "tails."</p> <p><b>Shrink Cycle</b> Improper <u>temperatures</u> or insufficient <u>dwell</u> time prevent the film from achieving full <u>tension</u>.</p> <p><b>Film Centering</b> Film is not properly <u>centered</u> as it is being applied to the case</p> <p><b>Incompatible Gauge</b> Incorrect film <u>thickness</u> or <u>width</u> causes sagging or incomplete containment.</p>	<p><b>Packaging Design</b> Validate film dimensions to ensure a tight fit, eliminate excess, &amp; minimize "bullseye" size.</p> <p><b>Shrink Calibration</b> Set &amp; monitor tunnel temperatures &amp; feed settings to ensure full film recovery.</p> <p><b>Application Audits</b> Perform regular quality checks of alignment, secure bond &amp; consistent tension.</p> <p><b>Film Quality</b> Use film gauge sufficient for case weight to prevent sagging or incomplete coverage.</p>

Note: Loose Wrap frequently overlaps with Selling Units Not Secured

# Top 6 Defect | Non-Compliant Tier Sheet

Tier sheet does not meet size, material, or securement requirements.

Requirements	Impacts	Common Causes	Best Practices
<p><b>Compliant Material</b> Tier sheets must be <u>solid</u> fiber or <u>corrugated</u> material.</p> <p><b>Utilization</b> Tier sheets must be used in the <u>minimum</u> quantity required to maintain pallet <u>stability</u>.</p> <p><b>Tier Sheet Deviation</b> Tier sheet must not <u>exceed</u> product edges (0" overhang) or be less than 4" <u>under</u> product footprint per side.</p> 	<p><b>Automation Failure</b> Dimension deviations cause equipment jams or prevent successful vacuum handling.</p> <p><b>Manual Processing</b></p> <p><b>Inventory Delays</b></p> <p><b>Product Damage</b></p> <p><b>Inventory Availability</b></p> <p><b>Lost Sales</b></p>	<p><b>Tier Sheet Dimension</b> Tier sheet dimensions do not <u>match</u> the product <u>footprint</u> (overhang or underhang).</p> <p><b>Securement Interference</b> Adhesives, tape, or <u>fasteners</u> securing tier sheets to cases or pallets.</p> <p><b>Incompatible Material</b> Thin paper, <u>unapproved</u> plastics, or other <u>non-compliant</u> materials are used.</p> <p><b>Tier Sheet Application</b> Failing to <u>center</u> tier sheet or applying <u>multiple</u> sheets per layer.</p>	<p><b>Unitization Design</b> Validate tier sheet dimensions align with product footprints &amp; adjust sizing as needed.</p> <p><b>Optimize Securement</b> Utilize only approved stability methods.</p> <p><b>Material Quality</b> Utilize only corrugated or thick solid fiber materials.</p> <p><b>Application Audits</b> Perform regular quality checks of tier sheet alignment, quantity, &amp; securement methods.</p> <p><b>Performance Testing</b> Conduct ISTA 3E testing to determine if tier sheets are needed &amp; the minimum quantity required.</p>

# Advancing Automation | Tools for Visibility & Insight

Leveraging new data and performance metrics to improve automation entitlement.

## Actionable Resources Post Webinar Tools

### Automation Entitlement Data Data & Insights

### Review & Response Track & Communicate

#### Key Data Elements Item, Defect & Performance

#### Item Defect Summary Tab Automation – Failing & High Priority Items

- Item Details
- AE Score
- Projected Annual Case Volume
- Automation Top 6 Defects
- SQEP Top 6 Defects

#### Automation Defect Tab Additional Information for root cause research

- Item & Location Details
- Top 6 Defect

#### Automation Entitlement Items Item Performance

- Enhanced Visibility**
- Handling & Automation Performance
  - Increased Assortment
  - Expanded Compliance (Tier Sheet)
- Parameters**
- Automation Deployment: Not yet fully implemented across all sites
  - Inspection Process: Utilizes random sampling methodology
  - Current State: One –Time Snapshot
  - Future State: Dynamic Integration in the SQEP Dashboard (Planned Q3 2026)

#### Automation Entitlement Score Case Volume Performance

- Performance Metric**
- Percentage of case volume successfully flowing through Automation

- Calculation**
- 6 Digit Supplier Level

$$\text{AE Score} = \frac{\text{Defect Free Item Volume}}{\text{Total Item Volume}}$$

→ Higher Score = Higher Performance

# Advancing Automation | Tools for Optimizing Solutions

Initiating defect resolution and scaling solutions to maximize automation entitlement.

## Actionable Resources Post Webinar Tools

Automation Entitlement Data  
Data & Insights

Review & Response  
Track & Communicate

**Key Data Elements**  
Progress & Updates

### Review & Response

Track & communicate Corrective Action Progress

- Item Details
- Defect Details
- Update Dates

### Layout

- Items (Rows): Items requiring correction.
- Defect Types (Columns): Top 6 Defects
- Status Indicators (Cells):
  - Notified = Defect present. Needs Update
  - N/A = No Defect. No Action

### Getting Started

Scaling Solutions to Maximize Impact

#### **Automation Entitlement Item List (Good)**

Review & correct items on the emailed Automation Entitlement Data list.

&

#### **SQEP Packaging Defects (Better)**

Review & correct items with SQEP packaging compliance defects that signal automation failure risk.

&

#### **Assortment Review (Best)**

Review complete assortment to identify & correct at-risk items with similar packaging or production processes.

# Advancing Automation | Tools for Communicating Progress Updates

Aligning corrective action plans with progress updates for streamlined communication.

Review & Response  
Track & Communicate

## Corrective Action Plans

Effective & Sustainable Solutions

### Corrective Actions Needed

Identify & Correct Root Cause for all defects identified for each item.

**Identify Root Cause:** Design, Material, Process, Equipment

**Determine the Solution:** Redesign, Replace, Adjust, Update, Repair

**Confirm Success:** Compliance, Testing, Audits

**Establish Timelines:** Investment, Approval, Implementation

**Corrective Action Plan Finalized:** Confirmed, Authorized, Scheduled

**Correction Implemented:** Deployed, Active, Operational

**Ship Compliant Inventory:** Corrected, Loaded, Shipped

**For "Better/Best" execution:** Add items identified via SQEP and Assortment Review to your master tracking list and develop action plans for them simultaneously.

## Submit Updates

Return the completed **Review & Response**

## Communicate Progress

Corrective Action Status Updates

**Notified (Pre-Populated):** The item has been identified with the defect identified within the column. (If N/A, the item does not have the defect.)

**Investigate:** You are currently identifying the root cause of the issue and determining an effective, sustainable correction to prevent recurrence.

**Solution Identified:** You have identified the root cause and finalized the corrective action plan.

**Fix In Production:** You have started producing compliant inventory or implemented needed changes to correct the defect.

**Shipping Compliant Product:** You have begun shipping compliant inventory to Walmart.

**Walmart Review:** You have reviewed the item/defect & believe the defect is not applicable to the packaging type. This will initiate a formal review of the item/defect by Walmart.

**Cadence:** Monthly (Minimum)

**Deadline:** By the 15th of each month (Beginning 03/15/2026)

**Return To:** Logpkg@wal-mart.com

# Supplier Quality & Automation | Tools for Education & Support

Many Supplier Quality Excellence Program & Automation resources are available.

## Learn More

[Walmart Supply Chain Packaging Guide](#)

**Help Docs:** [Supplier Quality Excellence Program Introduction](#)

**Training Module:** [Packaging](#)

**Training Module:** [Supplier Quality Excellence Program \(SQEP\)](#)

**Resource Guide:** [Supplier Quality Excellence Program FAQs](#)

**Resource Guide:** [Automation Eligibility & Entitlement FAQs](#)

**Resource Guide:** [SQEP Dashboard Reference Guide](#)

**Resource Guide:** [FixIt Supplier Quick Reference Guide](#)

**Dashboard:** [Supplier Quality Excellence Program](#)

**Dashboard:** [FixIt Inspections](#)

**Automation Video:** [Regional DC Automation](#)

**Automation Video:** [Grocery DC Automation](#)

## Get Support

**SQEP:** [SQEP Help Desk](#)

**FixIt Inspection:** [FixIt Inspections](#)

**Automation:** [Logpkg@wal-mart.com](mailto:Logpkg@wal-mart.com)

## **Walmart Supply Chain Packaging Guide**

