

WELCOME!

Automation Entitlement Readiness & SQEP Training Session



Thank you for joining! We will begin shortly.

Agenda

- 1 Anti Trust
- 2 Admin & Thank You
- 3 Automation Entitlement Readiness & 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 Readiness
Definition, Data, and Why It's Important

01

AER Vision Inside SQEP



Understand Data and How to Action

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
- All data sent on 1/30. You should have received:
 - 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

Merch Excellence & Supplier Quality Excellence Program

Enable predictable efficiency inventory flow by ensuring products arrive in the right condition, at the right time, with the right information - powered by data

 Simplify

 Funnel

 Engage



Quality & Performance

Andrew Mainer



Senior Director SQEP

Kristin Ray



SQEP / Fixit Inspections

Amanda Williams



Automation / Packaging

Jim Thomson

Merch Excellence

Supplier Quality Excellence Program

Defining Automation | Eligibility vs Entitlement Readiness

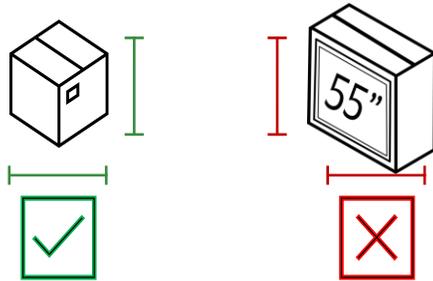
Establishing clear criteria to measure performance and identify gaps to drive faster service and lower cost to serve.



Automation Eligibility

Can it flow through automation?
Yes or No, based on item attributes permitting automation flow

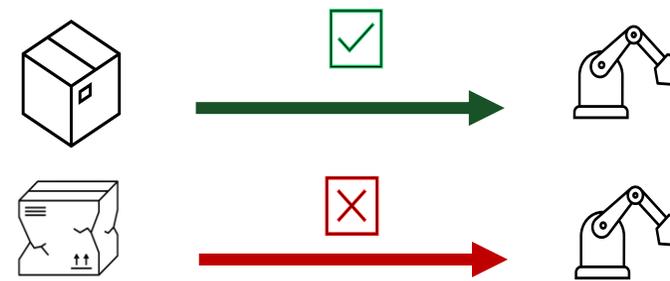
Eligibility is established when case dimensions (height, width, length), weight and pack type fall within automation parameters.



Automation Entitlement Readiness

Does it flow through automation?
Yes or No, based on presence of defects impacting automation flow.

Entitlement readiness is the percentage of eligible cases expected 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



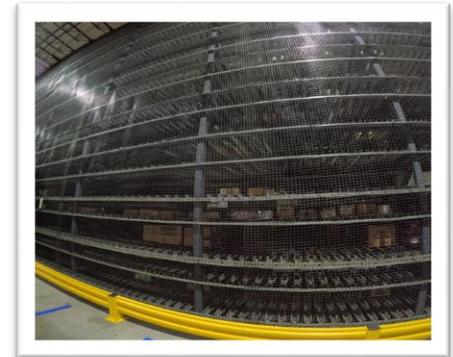
Store-ready pallets enable direct-to-aisle delivery, minimizing touches and getting product to shelf faster.

Improved On Shelf Availability



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

Increased Accuracy

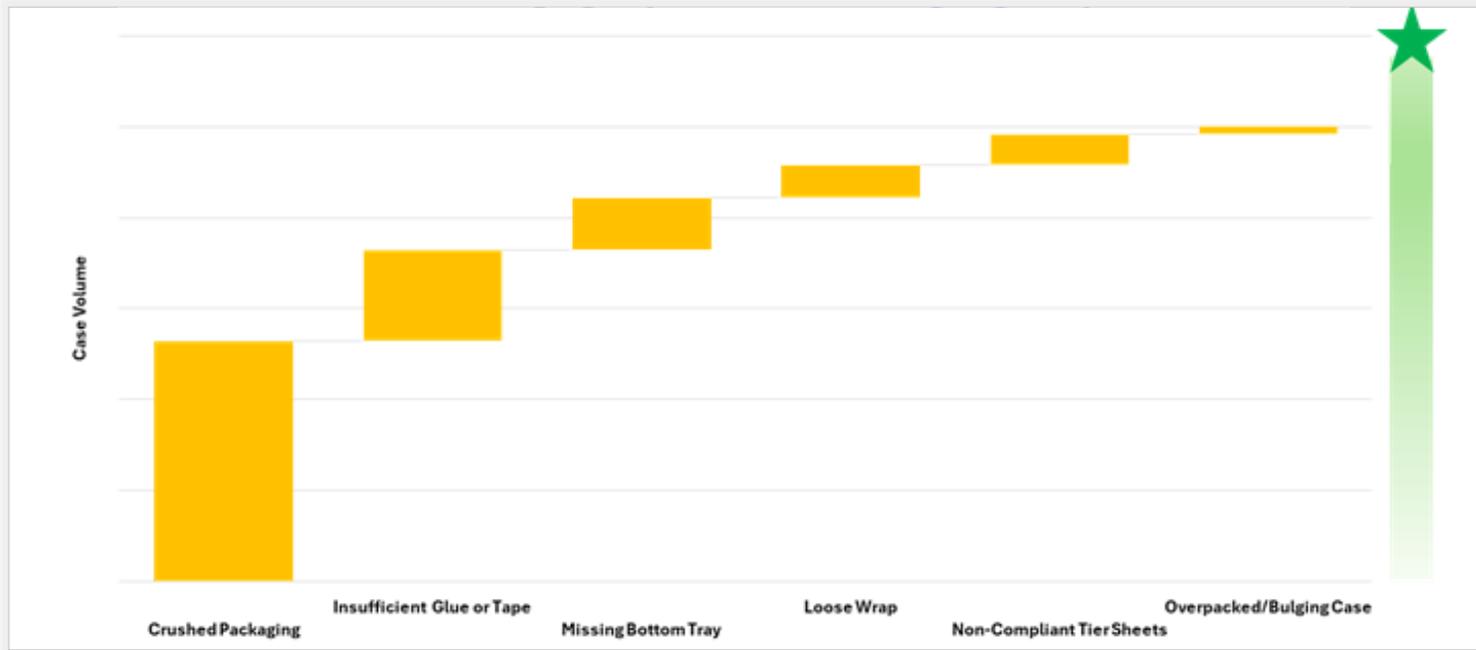


Greater precision in inventory placement and fulfillment ensures customers receive the right product, every time.

Automation Strategy | Prioritization to Scale Automation

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

Improving 6 Packaging Defect Drives Entitlement Readiness 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



AER GOALS

The goal is to increase automation entitlement readiness 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 readiness.

Defects Impacting Automation Entitlement Readiness

SQEP
Compliance

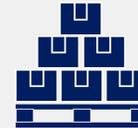
Packaging



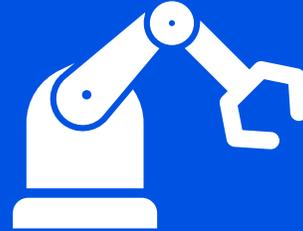
Barcode



Pallet



Published
Requirements



Automation Entitlement Readiness

Packaging
Easily Crushed

Overpacked/
Bulging

Insufficient
Glue or Tape

Top 6 Defects
High Impact, High Frequency

Missing
Bottom Tray

Loose
Wrap

Non-Compliant
Tier Sheet

Top 6 Defect | Packaging Easily Crushed

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

Requirements

Structure

Packaging must maintain structural shape during normal handling & automation.

Support

Packaging must be strong enough to support the weight of other cases without crushing.

Case Deviation

Cases must remain free of bulging or compression to stay within .25" per side or 0.5" total deviation.



Impacts



Automation Failure

Dimension deviations prevent accurate item identification & pallet induction.



Manual Processing



Inventory Delays



Product Damage

Crushed cases expose selling units to breaking, crushing, or loss.



Inventory Availability



Lost Sales

Common Causes

Structural Design

Excessive headspace or perforation designs compromising vertical strength.

Material Integrity

Inadequate fiber grade or flute type.

Unitization Configuration

Non-vertical flute orientation, interlocking patterns, or pallet overhang.

Pallet Quality

Missing or damaged deck boards fail to provide a supportive base.

Pallet Wrap Application

High tension pallet wrap, or poor stability causing cumulative material fatigue.

Best Practices

Packaging Design

Minimize headspace. If using perforations, utilize high-performance designs.

Material Quality

Confirm fiber grades & flute profiles for weight & stacking with a 5:1 safety factor.

Optimize Unitization

Utilize quality pallets & hybrid stacking to maximize vertical flute alignment with no overhang.

Pallet Wrap Management

Set & monitor pallet wrap tension to prevent crushing cases & maintain stability.

Performance Testing

Conduct ISTA testing to confirm case integrity. (Refer to Required Package Testing section of the [Packaging Guide](#).)

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

Surface Continuity

Packaging must maintain structural shape with continuous flat surfaces.

Proper Sizing

Packaging must be properly sized to contain product without distortion.

Case Deviation

Cases must remain free of bulging to stay within .25" per side or 0.5" total deviation.



Impacts



Automation Failure

Dimension deviations prevent accurate item identification & pallet induction.



Manual Processing



Inventory Delays



Product Damage

Bulging cases can expose selling units leading to tearing or loss.



Inventory Availability



Lost Sales

Common Causes

Structural Design

Attempting to fit too much product or utilizing dimensions that do not account for product movement over time.

Product Expansion

Internal pressure from soft goods expands after packing, causing case walls to bulge.

Material Integrity

Thin or inadequate corrugated grades & tape seals fail to contain internal pressure.

Best Practices

Packaging Design

Utilize right-sized case dimensions that account for product shifting or settling.

Expansion Control

Utilize vacuum-sealed bags for soft goods to prevent product expansion.

Material Quality

Utilize adequate corrugated material that maintains structural integrity.

Performance Testing

Conduct ISTA testing to confirm case integrity. (Refer to Required Package Testing section of the [Packaging Guide](#).)

Top 6 Defect | Insufficient Glue or Tape

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

Requirements

Secured Closures

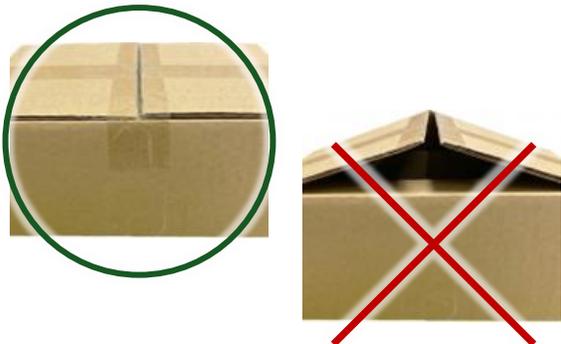
Flaps & lids must be secured with glue or tape.

Flush Seal

Glue or tape must keep flaps & lids flush with the case.

Gap Deviation

Case flaps or lids must stay within .25" per side or 0.5" total deviation.



Impacts



Automation Failure

Dimension deviations prevent accurate item identification.



Manual Processing



Inventory Delays



Product Damage

Unsecured selling units are exposed to crushing, breaking, or loss.



Inventory Availability



Lost Sales

Common Causes

Structural Design

Adhesive-free case designs (such as fan-folding) lack a permanent seal.

Adhesion Failure

Bond failures due to poor machine compression, improper application, or incompatible surfaces.

Substandard Materials

Adhesive is expired, low-grade, or not rated for supply chain conditions like temperature & humidity.

Pallet Wrap Application

High tension pallet wrap pops case seals or wrap sticks to exposed adhesive.

Best Practices

Packaging Design

Secure closures with glue or tape. If taping, use 2" minimum width with a 2" overhang on both ends.

Application Audits

Perform regular quality checks to ensure tape or glue is bonding correctly.

Adhesive Quality

Use unexpired, environment-rated adhesive.

Pallet Wrap Management

Set & monitor wrap tension to prevent seal breakage & ensure film does not contact adhesive.

Performance Testing

Conduct ISTA testing to confirm case integrity. (Refer to Required Package Testing section of the [Packaging Guide](#).)

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

Surface Continuity

Trays must be used to ensure a continuous, flat base & sides for shrink-packed & bagged items.

Standard Tray Height

Trays must be a minimum 2" high, unless the item is fragile.

Fragile Item Height

Trays for glass/ceramic items must be a minimum 3" high or extend beyond the largest product diameter, whichever is smaller.



Impacts



Automation Failure

Inconsistent dimensions & surfaces prevent automated handling.



Manual Processing



Inventory Delays



Product Damage

Unprotected selling units are exposed to breaking, crushing, or loss.



Inventory Availability



Lost Sales

Common Causes

Structural Design

Not utilizing a bottom tray, creating an uneven or discontinuous base & sides.

Tray Dimension

Tray heights are less than the required minimums.

Material Integrity

Thin or inadequate tray materials fail to maintain structural height.

Best Practices

Packaging Design

Utilize a tray for all items lacking a continuous flat base.

Structural Integrity

Maintain tray height minimums based on item type.

Material Quality

Utilize adequate corrugated materials that maintain structural integrity.

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

Secure Fit

Film must conform tightly without excess materials or protrusions.

Contained

Wrap must fully contain selling units & prevent shifting or falling out.

Wrap Deviation

Shrink film must stay within .25" per side or 0.5" total deviation.



Impacts



Automation Failure

Dimension deviations prevent accurate item identification.



Manual Processing



Inventory Delays



Product Damage

Unsecured selling units are exposed to crushing, breaking, or loss.



Inventory Availability



Lost Sales

Common Causes

Film Dimension

Inaccurate sizing leads to bond & containment failures or bunched & protruding "tails."

Shrink Cycle

Improper temperatures or insufficient dwell time prevent the film from achieving full tension.

Film Centering

Film is not properly centered as it is being applied to the case

Incompatible Gauge

Incorrect film thickness or width causes sagging or incomplete containment.

Best Practices

Packaging Design

Validate film dimensions to ensure a tight fit, eliminate excess, & minimize "bullseye" size.

Shrink Calibration

Set & monitor tunnel temperatures & feed settings to ensure full film recovery.

Application Audits

Perform regular quality checks of alignment, secure bond & consistent tension.

Film Quality

Use film gauge sufficient for case weight to prevent sagging or incomplete coverage.

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

Compliant Material

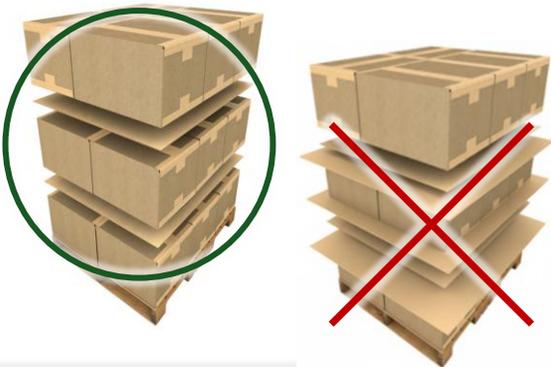
Tier sheets must be solid fiber or corrugated material.

Utilization

Tier sheets must be used in the minimum quantity required to maintain pallet stability.

Tier Sheet Deviation

Tier sheet must not exceed product edges (0" overhang) or be less than 4" under product footprint per side.



Impacts



Automation Failure

Dimension deviations cause equipment jams or prevent successful vacuum handling.



Manual Processing



Inventory Delays



Product Damage



Inventory Availability



Lost Sales

Common Causes

Tier Sheet Dimension

Tier sheet dimensions do not match the product footprint (overhang or underhang).

Securement Interference

Adhesives, tape, or fasteners securing tier sheets to cases or pallets.

Incompatible Material

Thin paper, unapproved plastics, or other non-compliant materials are used.

Tier Sheet Application

Failing to center tier sheet or applying multiple sheets per layer.

Best Practices

Unitization Design

Validate tier sheet dimensions align with product footprints & adjust sizing as needed.

Optimize Securement

Utilize only approved stability methods.

Material Quality

Utilize only corrugated or thick solid fiber materials.

Application Audits

Perform regular quality checks of tier sheet alignment, quantity, & securement methods.

Performance Testing

Conduct ISTA 3E testing to determine if tier sheets are needed & the minimum quantity required.

Advancing Automation | Tools for Visibility & Insight

Leveraging new data and performance metrics to improve automation entitlement readiness.

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 Readiness 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 Readiness Score

Case Volume Performance

Performance Metric

- Percentage of case volume successfully flowing through Automation

Calculation

- 6 Digit Supplier Level

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

→ Higher Score = Higher Performance

Advancing Automation | Tools for Optimizing Solutions

Initiating defect resolution and scaling solutions to maximize automation entitlement readiness.

Actionable Resources Post Webinar Tools

Automation Entitlement Data
Data & Insights

Review & Response
Track & Communicate

Key Data Elements
Progress & Updates

Getting Started
Scaling Solutions to Maximize Impact

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

Automation Entitlement Readiness 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.

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.

Submit Updates

Return the completed **Review & Response**

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 Readiness 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

Walmart Supply Chain Packaging Guide

