Building High-Performing Product Teams: *Grainger's Journey with KeepStock®*

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Grainger is a leading broad line distributor with operations primarily in North America, Japan and the United Kingdom. We Keep The World Working® by serving customers worldwide with MRO products (1) delivered through innovative technology and deep customer relationships.

1927
Company founded

Largest
MRO distributor in North America

53 years
of consecutive dividend increases

$17.2B
2024 Revenue (Total Company)

>4.5M
Active customers

>26K
Team members

>30M
Products offered globally

34
Distribution centers

Note: All metrics are for the year ended December 31, 2024, unless otherwise noted.
(1) Material, Repair and Operating products.

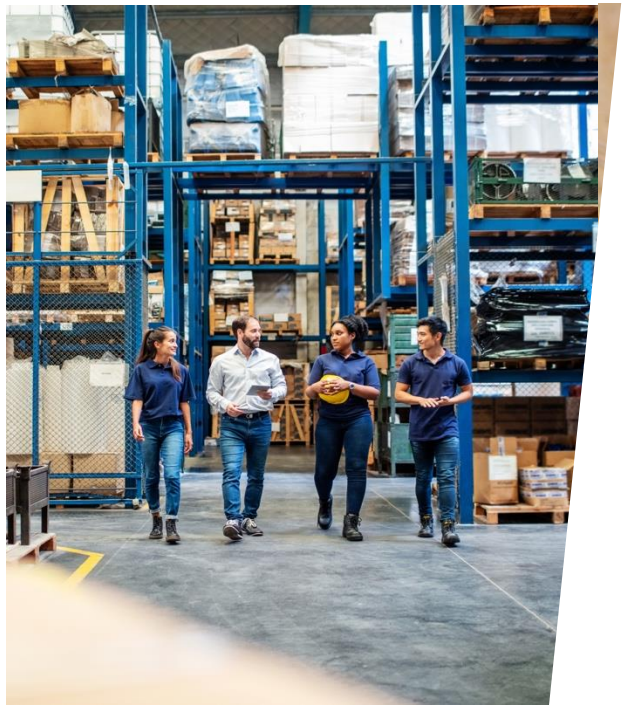
MRO customers have two basic needs …

Customers look for a partner that can deliver.

- **Flawless Experience**
- **Tangible Value**

… and they show up differently across customers

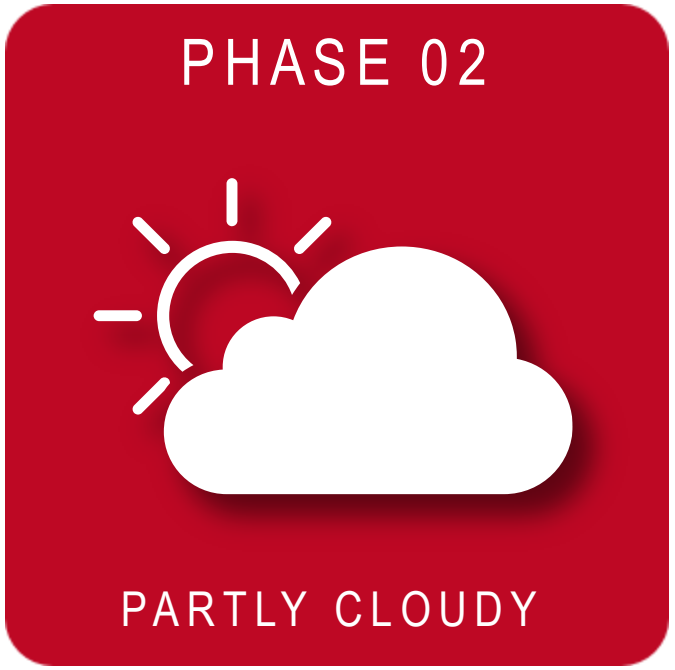
Large customers with high complexity

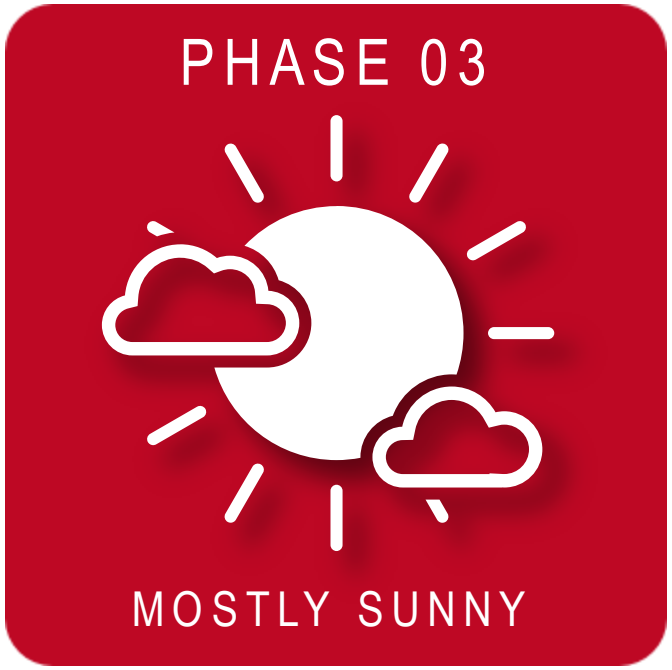


Small customers with low complexity

KeepStock®
Inventory Management

Our journey's forecast





Where we started…

PRODUCT

- Feature chasing
- Opinion-driven decision-making
- Challenged empathy

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ENGINEERING

- Ambiguous technical vision
- Systems regularly went down under expected load
- Delivery unpredictable and perceived as slow

Forecast: Intermittent storms

Define

Design

Deliver

Metrics:

Code contribution:
a single engineer wrote 90% of the code!

Lead time for change:
~6 months

Deployment frequency:
2/month

Story Points/week:
highly variable

Support

Metrics:

MTTR: 3 hours

Incident Frequency:
2/Month

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  Aligned teams with a focus on:
  - Breaking work down into smaller chunks
  - Measuring delivery – story cycle times and std deviation
  - XP engineering practices – pair programming, TDD, CI

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  - XP engineering practices – pair programming, TDD, CI
- **Tech vision**:
  Focus on strangling monolith CoTs with domain-driven API design

Getting to clarity

PRODUCT

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ENGINEERING

- Aligned on practices that enable continuous delivery
- Team structures support autonomous delivery
- Challenged work decomposition

Forecast: Clarity of vision & execution

Define

Design

Metrics:

Feature kickoff to release:
Highly variable

Rate of rework:
High

Deliver

Metrics:

Lead time for change:
1 week

Deployment frequency:
30/week

Average Cycle Time:
4 days

Cycle Time Std Deviation:
3 Days

Support

Metrics:

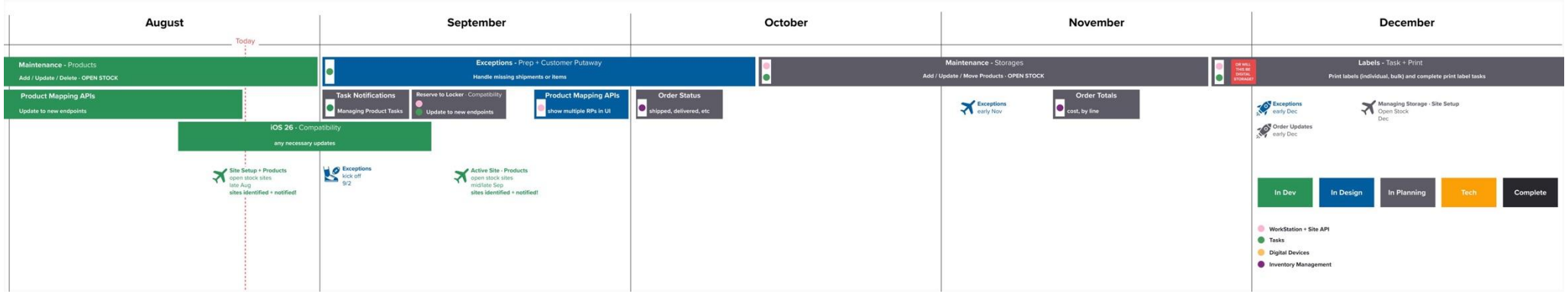
MTTR: 1 hours

Incident Frequency:
1/Month

Change Fail Rate: 1%

Two things that drove improvement

- **Lean Governance:**
  Introduced standard work to help teams improve in key areas:
  - Focus



Team-level Roadmap

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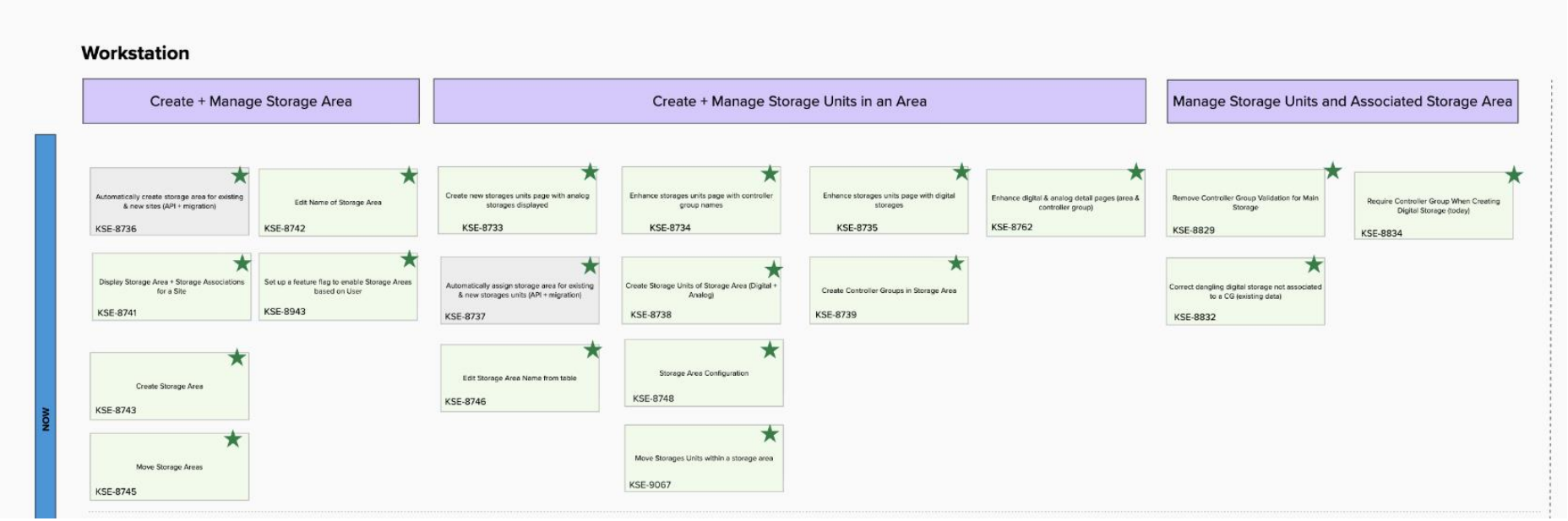
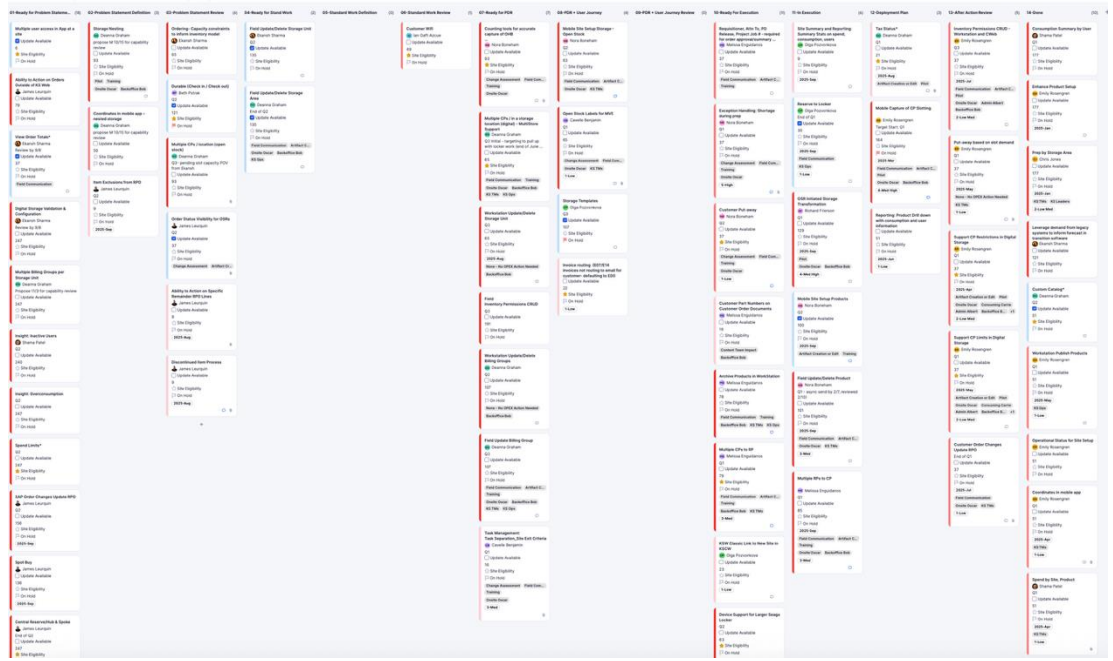


Feature Story Maps

Two things that drove improvement

- **Lean Governance:**
  Introduced standard work to help teams improve in key areas:
  - Focus
  - Decomposition
- **Stakeholder Alignment:**
  Make all work visible and look at it together



Shared Kanban with business partners

Continuous improvement is never done…

PRODUCT

- Draft and review problem statements and product decision records
- Establish metrics for each capability and feature
- Measure time to value

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ENGINEERING

- Regularly rotate engineers across team for career development
- Improved production support process and feedback loops

Forecast: Scale & continuous improvement

Define

Metrics:

Time to value:
<Months

Design

Metrics:

Feature kickoff to release:
Weeks

Rate of rework:
Low

Deliver

Metrics:

Lead time for change:
3 Hours

Deployment frequency:
30/week

Average Cycle Time:
4 days

Cycle Time Std Deviation:
3 Days

Support

Metrics:

MTTR:
30 minutes

Incident Frequency:
1/Month

Change Fail Rate: <1%

Problems that remain:

1. Maintaining alignment as pace increases
2. Navigating competitive pressures
3. Prioritizing across domains