Welcome!

We're excited to bring you this third edition of our quarterly supplier magazine.

When compiling content for this September issue, a clear theme emerged: “Better”. Every page of this issue includes something related to making things better; from KCA’s project to dramatically improve their pallets, Campbell Arnott’s working to strengthen their packaging, Parmalat making positive changes with a new product range, the General Merchandise and International teams finding a better way to bring promotional stock through the network, to Jewel Fine Foods and Tassal using new supply channels to improve freshness for our customers.

That Better theme continues with an overview of our new and improved Supply Standards - designed to make things simpler and easier for our supply partners, an update on our Better Demand and Supply Planning - designed to make us a better partner with which to work, a profile of a DC team focused on driving continuous improvement, and profiles of four team members each using their unique roles to help Coles become a little better every day. We hope you find this issue relevant and informative.
Hi Everyone, and welcome to our third instalment of Co magazine!

Since my last message in May, there’s been a lot of activity in Supply Chain, but I’d like to give you an update on three areas in particular: some significant developments in our Better Demand and Supply project, some great collaborative initiatives we’ve recently undertaken with our supply partners and finally, an outline of our planning for Christmas and the summer trading period ahead.

1 Better Demand and Supply
Our vision is to continue building a world class team who deliver supply chain excellence for our customers. On the 21st of July, we announced a move away from Replenishment to a new Supply and Demand structure.

In all of our considerations when developing the new model, our supplier relationship - and the way we work with supply partners - was paramount. Following these changes, we believe we will be an even better partner, with a new Supply team in place to focus on joint strategic opportunities, as well as a new Demand team in place to drive outstanding forecasts and planning. (see Ron’s piece on page four for additional details).

2 Flow-through
One of our commitments for FY15 H2 was to make things better for our customers through improving product freshness and life. While in its early stages, our Flows program has helped us to keep that commitment, with over forty five million cartons - from dozens of suppliers - now flowing directly through our Distribution Centres, adding incremental sales and up to two days of extra product life for our customers. There’s much more to come this financial year, with an ambition to convert over 1,000 more products to a flow-through supply model. Watch this space!

3 Christmas and Summer planning
We delivered a strong summer of sales last year and I really look forward to what this year’s summer trade will bring! In order for this to be a joint success, we need to take the key learnings from last summer and build robust plans to address any supply challenges. What I'd ask from all of our supply partners is for better articulation in the pre-Christmas period of your production, import and contingency plans. We will commit to locking in our plans as far out as possible and to limit the number of changes as we approach the event (and this year we expect to provide forecasts up to two months earlier than last year!)

Once again, I’m really proud of the events and initiatives on which we’ve collaborated since May, and I really look forward to providing another update on what we’ll achieve together over the coming three months!

Kind regards,

Orlando Rodriguez
General Manager, Supply Chain Operations
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Better Biscuit Boxes

Thanks, Campbell Arnott's!

When a number of our DCs experienced issues with selected packaging across the Arnott’s biscuit range – e.g. open flaps, torn perforations, compression and glue issues - we contacted Campbell Arnott’s and were impressed by their great response.

The Campbell Arnott’s team were quick to respond, and immediately set out to better understand the DC’s concerns, examine and identify root causes, and ensure that the right long-term corrective actions were employed. Not only did the Campbell Arnott’s team join DC and Supply Standards team members on site (spending four hours closely reviewing cartons in our Truganina RDC) they then set up a cross-functional project team - comprising representatives from their Manufacturing, Packaging and Logistics areas - to properly scrutinise the end-to-end process for every biscuit SKU in the range. Packaging design was reviewed and amended, handling and transportation processes were revised, and any identified impacts to packaging were addressed and mitigated wherever possible.

Feedback from the Coles DC teams confirms that the corrective actions have absolutely worked, and that it’s now difficult to find fault with any of the packaging across the range.

Well done, Campbell Arnott’s team, and thanks for your thorough and robust initiatives to address these packaging concerns so comprehensively.

Clever Compacto

Great work, KCA!

How much innovation could there be in toilet tissue, or in the supply of that product range through to customers? It turns out that the potential for innovation is staggering!

Kimberly Clark Australia (KCA) recently engineered a Continuous Improvement process around the pallet efficiency of their toilet tissue SKUs. By reviewing the ways that they produced, packed and palletised their Kleenex range, the KCA team found considerable potential to drive greater efficiency.

Through “Project Compacto”, KCA were able to deliver some astonishing results. Retooling and a revised process enabled a 33 percent saving in freight, storage and handling costs, as well as reductions in carbon footprint. The new process also improved pallet safety by increasing pallet fill across selected products.

The efficiency gain from Project Compacto is equivalent to a reduction of over 26,000 pallets (and all of the associated costs) flowing through our mutual supply chains each year!

Twenty-six thousand fewer pallets every year!

Well done, KCA team, for challenging an established process, identifying ways to remove waste and inefficiency, and unlocking some truly enormous supply chain and environmental benefits through a ‘simple’ rethinking of your manufacturing and supply chain model!

Store-ready Success

Impressive International integration!

The Coles International and GMATTE Supply Chain teams have successfully coordinated the delivery of General Merchandise stock for the July Dollar Shop Flex Event through an Offshore Pick and Pack model, together with our freight forwarding partner DHL.

Traditionally, international stock for these events would be loose-packed into containers at origin and then unpacked, palletised and placed into racking upon arrival of the containers at Coles DCs in Australia. Once store allocations were received from the Merchandise team, DCs would typically pick according to allocation, and deliver to store.

This new initiative allowed stock to be allocated and then picked and packed onto store-ready pallets offshore at a Coles Consolidation Centre in China, and on arrival at Coles DCs in Australia, store-ready pallets were simply cross-docked direct to store: no pallet put away!

Feedback from DCs and Stores has been really positive, with a decrease in total pick time and resources required to assemble the event stock - making things so much simpler!

Additional benefits of this new approach included:
- Reduction in required DC reserve capacity
- Improved safety unloading pallets versus loose cargo
- Event arriving in store on event-specific pallets, not mixed with other grocery product (simpler for our store teams).

This successful new initiative was made possible through close cooperation and support between Merchandise, Supply Chain, Logistics, I.T. and our freight forwarder - thanks and well done!

Rush to better DC efficiency

Nice job, Parmalat!

When Parmalat decided to relaunch its “barista inspired” range of impulse flavoured milk in April, they worked closely and collaboratively with Coles to ensure that their new packs were optimised for our joint supply chain.

In addition to an all-new customer offering - the Rush range is now made with real coffee beans, fresh low-fat milk, and 30% less sugar - the packaging itself was also fully redesigned.

Flavoured milks are traditionally delivered in crates, requiring both that DCs pick bottles individually - a manually intensive process - and also that a reverse-logistics process be maintained to return crates from stores to DCs to supply. Parmalat’s analysis showed opportunity for greater efficiency if they converted this range to carton picks (six-packs were identified as the optimal size for store shelves). DCs are now benefitting from improved productivity, increased throughput and the significant cost savings of no longer requiring a reverse-logistics process for crates.

The new product launch has been well received in the market, with the new bottle design striking a chord with customers. The supply chain benefits derived through optimising the pack size have exceeded expectations - as have sales, which have grown 35%+ since launch! Well done, Parmalat team!
New Supply Standards

We’re pleased to advise that the all new Supply Standards July 2015 supplier guide is now available through our Supplier Portal.

The pack is intended as a comprehensive guide for suppliers delivering into our Grocery, General Merchandise, Chiller, Freezer and Liquor network, and covers a wide range of topics - including B2B and electronic Trading, POs and Scheduling, Drivers and Vehicles, Pallets and Cartons - and also provides lots of supplementary resources including a DC network map and all of our key Supply Chain contacts.

With a simple, modular structure, easy-to-navigate tabs and dozens of supporting illustrations, the new guide has been completely redesigned with the goal of being as clear, engaging and user-friendly as possible. We want to make it simple to supply into the Coles network, and for expectations and responsibilities to be understood by all parties - helping our supply partnerships to become “a little better every day.”

We encourage you to take a look, share the new pack across your teams and - should you have any feedback or questions - please let us know via the links in the guide or through the below contact details. We hope you find the new pack to be a valuable resource! You can find the new Supply Standards here:


Matt Lowe
Supplier Standards & Performance Manager, Supply Chain
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Better Demand and Supply Planning

Recently you heard from Orlando Rodriguez about our Better Demand and Supply Planning work, a transformative initiative aimed at improving availability and freshness through great supplier collaboration and better planning end-to-end.

Since our most recent update in the May issue of Co, significant progress has been made:

- We completed our review of 10 best-in-class retailers globally, which informed our new operating model design.
- We moved from the old “Replenishment” model (Replenishers, Inventory Coordinators, CDP’s, International Planner) to the newly designed roles of Demand Planner, Supply Planner, and International Supply Planner.
- We created a Demand Centre of Excellence to drive continuous forecasting improvement.
- We named our new Demand Planning and Supply Planning teams.
- We engaged Suppliers, many of whom have been part of the future state design process, in our new ways of working.
- We simplified how we work with suppliers by stopping 10 non-value added activities, with over 20 more identified.
- We created clearer line of sight between our new roles and our new ways of working with well-defined KPIs.
- We integrated our new ways of working with the Merchandise team’s Better Supplier Engagement efforts.

Combined with the backdrop of our new Supply Standards and new Supply Conformance Reporting capabilities, we are very clearly becoming both simpler to work with and better positioned to deliver on Coles’ key strategic priorities within supply chain.

Regards,

Ron Volpe
Head of Transformation, Supply Chain
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From the point of ordering through to placement on shelf, we know the velocity with which products flow through the Coles network. The Flows Program is an FY16 strategic initiative aiming to increase conversions of items into our Flow-through and Pick-to-Zero supply channels. Supplier sessions are being developed for October that will allow us to share high-velocity channels, further enhancing our ability to expand volumes. Key system enhancements are due to land recently completing expansion work which has increased the capacity of our Flow-through channel in Victoria. Operations at Jewel Fine Foods were also streamlined, with lead times from order to despatch condensed by 24 hours. With frequent delivery and short lead times, store availability has improved, and waste has dramatically reduced. Product life for customers has improved by three days, which in turn has led to a more stable demand plan, with less unpredictable impact from markdowns. The benefits of stability are evident across the range of ready meals. A key component of those October sessions, will be sharing the learnings we’ve taken on from suppliers and other key stakeholders involved in the initial conversions of items into our Flow-through and Pick-to-Zero supply channels.

From a fresh supplier perspective, Tassal are right at the forefront of continuous supply chain improvement, and are really pushing the boundaries of what is achievable in a fresh supply chain to ensure the best offer for customers. Great work, Tassal team!

Tassal’s fresh approach

The Coles Supply Chain team are working closely with the team at Tassal, to explore and bring to life several ideas that could deliver fresher product and extended shelf-life to our shared customers. The Tassal team have been proactively looking for opportunities to provide optimal product life to our stores, and have presented our team with several promising initiatives designed to accelerate supply velocity and decrease dwell times and transit times. Tassal have been leading the development of a new end-to-end supply chain opportunity to add life in W.A. They have also been actively reviewing opportunities to expand the range supplied through our stockless channels, and are exploring various routes to market as a way to add multiple days of product life directly back to the customer. Details of these promising initiatives are currently being fine-tuned, with trials scheduled to commence later this month.

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Our flow path to even better freshness

The Flows Program is an FY16 strategic initiative aiming to increase the velocity with which products flow through the Coles network. From the point of ordering through to placement on shelf, we know that there are opportunities to improve the fresh offering in store for our customers. Initial trials of new supply paths have shown clear end-to-end benefits - especially in improved shelf-life - so we’re keen to build and expand on these positive results.

Internally, we’ve been reviewing our network capacity - both physically and systemically - to support and enable these plans, with the Laverton CDC site recently completing expansion work which has increased the capacity of our Flow-through channel in Victoria. Key system enhancements are due to land in October, which are designed to increase the flexibility within each of our high-velocity channels, further enhancing our ability to expand volumes.

Supplier sessions are being developed for October that will allow us to share our plans and progress with fresh suppliers, and help align our ways of working to help achieve the end-to-end benefits of these initiatives. A key component of those October sessions, will be sharing the learnings we’ve taken on from suppliers and other key stakeholders involved in the initial conversions of items into our Flow-through and Pick-to-Zero supply channels.

At Coles, “Focus on Freshness” is a fundamental ingredient of our strategic vision. To support this vision, the Coles Meat, Deli, Dairy and Bakery Supply Chain teams are passionate about driving a better and fresher customer offer by working with suppliers, Merchandise teams and the DC/Logistics teams to identify and develop smarter and more efficient supply. We’re proud to work with some great supply partners in helping to deliver the freshest product to our stores and customers...

When Jewel Fine Foods launched their exclusive-to-Coles range of Asian-inspired ready meals, they wanted to ensure the customer received the freshest possible meals.

Inspired by the flavours and aromatics of the Orient, the Quick As Wok range uses the best quality ingredients blended using authentic recipes to bring the taste of Asia to the dairy shelf. The range offers recipes for every pallet and means consumers can enjoy exotic dishes conveniently in the comfort of their own home.

In order to maximise freshness for the customer, Jewel Fine Foods worked collaboratively with Coles to transition from a traditional Pick-and-Pack model to the Flow-through distribution channel. The journey to providing freshness started with a detailed review of the end-to-end supply chain, identifying the opportunities to streamline product flow. Key focus areas were identified as the stock holding points at both the manufacturing site in Sydney’s inner suburbs, and dwell times in each of Coles Chilled Distribution Centres.

Traditionally, these short shelf life items were treated as per other grocery items, with forecast demand pulling large quantities into DC stocking points, which are then pulled down for store demand. Long lead times exacerbated the amount of stock held, as additional safety stock was required to manage any short-term demand volatility. Furthermore, infrequent deliveries led to the product spending excessive time within the CDC, adding to the life wasted prior to reaching stores.

By converting to Flow-through, DC stock holding was eliminated, with all product delivered today being picked today and despatched to stores by the next day at the latest. This conversion was implemented for the entire product range from Jewel Fine Foods, across the Eastern Seaboard.

Operations at Jewel Fine Foods were also streamlined, with lead times from order to despatch condensed by 24 hours. With support from Coles Collect, orders received at 6am are picked and prepared for interstate despatch from 2pm. This cadence is now repeated six days a week, ensuring that the freshest possible product is received into Coles CDC’s.

With frequent delivery and short lead times, store availability has improved, and waste has dramatically reduced. Product life for customers has improved by three days, which in turn has led to a more stable demand plan, with less unpredictable impact from markdowns. The benefits of stability are evident across the range of ready meals.

It has been a challenging journey to get to this point and one which has not yet finished, as further optimisation is required to mitigate the impact of more frequent deliveries. Continued focus on forecast accuracy will aid with stabilising production planning.

Customers have greatly benefited from the improved freshness and extended range. Sales of ‘Quick as Wok’ have exceeded expectations, with the team receiving really positive customer feedback. Look out for the range in the Dairy Meals section at Coles.

Jewel Fine Foods
Meet our Supply Chain Team

Jo Hammond
Head of Logistics, Queensland

Jo started with Coles in September 2009 as the DC Manager at our Heathwood Liquor site, and has worked in a number of key roles prior to her appointment to lead Coles Logistics in Queensland.

“My time at Heathwood Liquor DC was a great introduction to Coles; I had the opportunity to wear many hats whilst learning the business and developing relationships with key stakeholders both within Logistics and the Liquor Team. Now, in my current role as Head of Logistics for Queensland, I’m responsible for both Transport and Distribution Centres, working alongside a team of highly capable leaders.

The achievement that I’m most proud of is actually a “work in progress”, which is recognising and promoting Logistics as a Career of Choice - particularly with women and young people. It truly is a great industry - an industry employing over 1.2 million people - and has significant influence in our day-to-day lives. Building and recognising capability and talent will be paramount to delivering our long term aspiration of being world class.

Looking ahead to FY16, my goal is to ensure that the Queensland operation is truly working “end-to-end”, that Queensland Logistics is seen and recognised as a trusted business partner with our Store Teams, surpassing the inroads we made in FY15 and continuing to deliver on our commitment.” - Jo

Sam Grima
Supply Chain Manager, General Merchandise

Sam’s career with Coles began four years ago when she commenced as a Category Demand Planner (CDP) in the Grocery team, before progressing to a Lead CDP role and then into her current position as the Supply Chain Manager for the General Merchandise categories.

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Kerry McAleer
State Sales Support Manager, SA, NT & TAS

Kerry joined Coles four years ago as Supply Chain Customer Service Manager and was most recently appointed as State Sales Support Manager for SA, NT and Tasmania, based in South Australia.

“The great benefit that this role provides for the business is that I not only have the supply chain background but I’m based in our stores, so I can support my colleagues with shelf-edge feedback, photos and details that I can see first hand, rather than relying on reports. This direct connection helps ensure speedier response and recovery.

My journey in Coles has been one of immense growth and satisfaction. I have been part of many exciting initiatives, such as changing key product ranges from daily, manual store orders over to system-generated ordering. Improvements like these have reduced the labour time in store and, more importantly, has increased availability for our customers, which has in turn led to increased sales.

My goal for FY16 is to provide better availability for our SANTAS customers through driving consistent processes at store level, along with working with our Supply Chain colleagues to ensure we have great products available in our market. This year I will also be focused on educating stores on how they can drive more profitable sales through greater product availability, great planning and implementing great process.” - Kerry

Eva Grancieri
Project Manager, Supply Chain

Eva started with Coles 15 months ago as Project Manager in Distribution/Logistics and now provides support as Project Manager for the central Supply Chain team.

“My role presents many opportunities to assist Supply Chain with better planning, communication, engagement and delivery. I love the challenge of helping to manage our many in-progress initiatives, to ensure that as a team we can deliver our plans effectively.

Helping to build close relationships and teamwork between Supply Chain and Suppliers, Merchandise, Logistics, I.T., H.R., Finance and Directors is truly rewarding. My role involves keeping track of multiple projects to ensure that stakeholders are engaged. Key milestones are reached and that projects remain on budget and on time - and it’s an exciting challenge!

Coles offers fantastic scope to grow and develop and - for the next month - I’m taking on the opportunity to work in our Dairy team, to develop my understanding of this really important and exciting area of our business. One of the best parts about my current role is that I get to provide direct input into the exciting things that are underway in Supply Chain, and those transformative initiatives that we’ll be working on into the future.” - Eva

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The Truganina RDC in Victoria is one of the largest in our network, supplying 202 supermarkets with around 1,650,000 cartons in an average week (and well over two million cartons per week during peak periods). Opened in July 2012, the site operates seven days per week and is supported by over 600 team members. The site despatches to all our Victorian stores, with Linfox travelling 172,000km to service these store deliveries every week (which is equivalent to more than four trips around the world, every week!)

The team have a very strong focus on Lean initiatives and driving continuous improvement, with team huddles around the site’s Lean boards helping to give clear visibility of performance and highlight opportunities to achieve even greater efficiency and safety outcomes.

This Lean focus helped Truganina to improve productivity by over 10% in FY15, with the team now working to build on that momentum in FY16; relaying the DC to optimise pick paths, reduce travel and congestion, improve pick rates and team member safety, raise cartons per pallet and further optimise truck utilisation.

The combined distance travelled from Truganina to service its 202 Coles stores is equivalent to more than 4 trips around the world... every week!

The Truganina RDC Leadership Team: Matt Hobson (Systems Mgr), John Girardi (People Development Mgr), Cebrail Akyuz (Inventory Team Mgr), Phill McInerney (DC Mgr), David Farrell (Planning Mgr), Peter Bennett (Operations Mgr), John Waugh (Safety Mgr), Frank Priolo (Commercial Mgr) & Sally Brien (HR & Safety Support Project Mgr)
News In Brief:

Congratulations, Coburg!

Our Supply Chain New Stores team were proud to assist with the fantastic opening - and post-opening support - of our ‘store of the future’: Coles Coburg North!

The store celebrated its grand opening on Saturday August 8th, with a terrific community vibe and a huge number of locals keen to experience the new store. Coles Coburg North will make shopping easier and more enjoyable for our customers, with a range of brand new concepts throughout the store including a fresh food hall and dedicated Every Day Value bays, with experienced grocers, butchers, bakers, and deli specialists ready to provide expert advice.

Coles Supplier Awards

The Supply Chain team have been involved in the process of providing nominations for the inaugural Coles Supplier Awards, with winners to be announced at a Gala event on the 9th of September, at the Melbourne Convention & Exhibition Centre. This has been a great opportunity to highlight some of the terrific partnerships between Coles Supply Chain and our Supply Partners over the year, and we are excited to see who will be recognised! Best of luck to all nominees and thank you again for your strong support!

Portal improvements

If you’ve navigated through the Supplier Portal recently, you’ll hopefully have noticed that it’s becoming a little better. The team have been hard at work reviewing, revising, deleting and condensing to ensure that the Portal is as clear and uncluttered as possible, with key information made more prominent, and redundant or outdated information removed.

The Better Supplier Engagement team are also conducting a wider review of ways to improve the Portal’s overall functionality and user experience.

New Online Account Queries Form

Suppliers can now submit their account queries via a new online form available at:


This new form will prompt you to enter important query information in a consistent format, allowing us to fast track your query to the right Accounts Investigation team member.

The Coles Nurture Fund will allocate $50 million over five years in grants and interest-free loans to fund the development of new market-leading products, technologies, systems and processes. The Coles Nurture Fund is one way that Coles can offer support and encouragement to small Australian businesses looking for assistance to take the next step in creating more productive and innovative ways of working.

While the first round of the Coles Nurture Fund closed on June 12, the second round is expected to open in September. Please check our Supplier Portal for updates; we look forward to receiving your applications!

Feedback? Let us know!

Thanks for reading: we’d love to hear from you if you have any feedback. If there’s something you liked, something you didn’t, or there’s a topic that you’d like to see covered in future issues, please get in touch with Matt Lowe at: comagazine@coles.com.au