Welcome to the sixth edition of our quarterly supplier magazine. There has been a lot of great work happening within the Coles business - and among our supply partners - in the past three months, and we’re proud to highlight just a small selection of that activity in this month’s issue.

A clear and common theme running through many of these stories is ‘building for the future’. We take a look at Sundrop Farms in South Australia, to learn how they’ve built a world-leading facility using renewable energy to support a long-term, exclusive supply partnership with Coles. We introduce two of our first Nurture Fund recipients - Three Farmers and Australian Fresh Leaf Herbs - and learn how they’ve used these grants to build bold and innovative facilities to unlock new opportunities. We also meet the team in the Bakery Business Unit - a wholly new structure we’ve built to ensure we’re more agile, responsive and customer-driven going forward.

The building theme continues as we review how the Supply Chain team are building team capability through training and development, and how Coles is working to build stronger supplier relationships through the Simple Terms project and implementation of the Grocery Code. Finally, we take a brief look at how we’re building a better store network through the “Supa”-speedy redevelopment of five new supermarkets in and around Canberra. We hope you enjoy this month’s issue!
How many months should it take to completely transform and relaunch four external sites?

As part of our ongoing commitment to deliver a better store network, Coles recently acquired five Supabarn stores in NSW and the ACT - and set a huge task of refurbishing and converting these stores into the Coles fleet in record time. The first of these stores to reopen, Coles Wanniassa, was launched on May 11th - just four weeks after last trading as a Supabarn! The next three sites to open - Sutherland, Kalleen & Canberra Civic - did so on May 18th, June 1st and June 8th, respectively: that's four new stores, fully transformed, in just four weeks!

A key objective of the Supabarn conversion project was to transform the stores as quickly as possible to minimise the disruption and impact on local customers. To drive this, a special cross-functional team was assembled to provide additional support, reducing store setup time by 75 percent and allowing a full new store setup and launch within seven days of construction work being finalised!

Incredible work from all those involved - from the Sales Support and New Stores team, Supply Chain, Logistics, Renewal, HR, Construction, I.T., Marketing, Liquor, Store Operations, local suppliers and more - who pulled together a fantastic new customer offer at amazing speed.

Welcome Wanniassa!

The first of these newly-converted stores to open, Coles Wanniassa (above), has been able to retain more than 80 percent of the existing Supabarn team members - and their feedback has been fantastic. Team members say they're excited about how great the new store looks, and about the ability to keep serving their local customers in a fresh new environment. Customers have responded positively to the value, freshness and service, as well as the tailored range that retains popular local products, like Autolyse Bakery sourdough. Welcome to the Coles team, Wanniassa!
Ensuring that we have the freshest products available to our customers when they need them is a fundamental focus for us at Coles, and we’re excited to see that this same focus is shared by the team at Tip Top!

A new way of working… introducing the Bakery Business Unit!

At Coles, we are passionate about driving simplicity in all that we do. After a recent strategic review of how we can simplify our end-to-end ways of working in Bakery, we are pleased to announce that we have created a new Bakery Business Unit (BBU) led by Jon Hoggett, General Manager - Bakery.

The BBU brings together Merchandise, Marketing, Operations and Supply Chain for this essential area of our business, to provide greater alignment and ownership of promotions, pricing, range, availability and finance. By working more closely as an integrated, end-to-end business unit, the Bakery team can focus more energy on what matters: delivering the right products at the right value for our customers, while ensuring that we’re simpler to work with for our suppliers.

We are already seeing great examples of how this new structure gives the BBU the ability to be more responsive and agile, and we’re excited to see what this means for the future of our ways of working at Coles!

When you think of Easter, what comes to mind? Hot Cross Buns, of course!

This Easter, our Merchandise and Supply Teams within Bakery worked closely with each supplier to carefully manage all details of the event end-to-end, while our store teams delighted customers with a delicious and simplified offer. The result was a hugely successful Easter. Our happy customers bought more than ever, consuming over 50 million buns this year!

Underpinning all this great work was the fantastic support and commitment we received from Allied Mills. Engaging in early planning and regular collaboration on forecasts and ordering, while implementing more streamlined processes at their plant, Allied Mills was integral to the success of this event. Great collaborative planning, coupled with a strong production plan, meant that our store teams were well-equipped to meet the increase in demand.

Thank you, Allied Mills, and well done to all teams involved in this hugely successful event!

Sunday Service: WA stores in Tip Top condition

Ensuring that we have the freshest products available to our customers when they need them is a fundamental focus for us at Coles, and we’re excited to see that this same focus is shared by the team at Tip Top!

To deliver even better availability and put even fresher bread into our stores in Western Australia, Tip Top commenced their first Sunday deliveries to 67 stores in metropolitan Perth on April 17.

Tip Top’s supply chain and account management team worked closely with our category and replenishment teams to establish that not having deliveries on Sundays in WA was leading to poor volume placement processes on Saturdays. Analysis showed that stores were experiencing poor availability on Sundays and/or high wastage on Sundays, as a result.

By facilitating Sunday delivery, our store teams in WA can now work with Tip Top’s representatives to place better orders for bread over both peak weekend trading days. Our Perth customers are seeing the benefits to availability and freshness - not only on Sundays but on Mondays as well - which has been reflected in marked improvements in sales on both days!

The Bakery team would like to thank Tip Top for their support in delivering great service and freshness to our WA customers every day!
Joining the Supply Chain team in March, Matt is our new Supplier Standards and Performance Manager. Matt’s appointment at Coles follows a 27-year career with the British and Australian Army, where he developed extensive Supply Chain and Logistics experience in DC, Supply Chain and Inventory Manager roles, as well as in international procurement and contract management.

“I’ve been very fortunate in my career so far to have gained a great deal of experience across a range of roles and in a number of different countries. From setting up and coordinating Supply Chain operations for the Military and British humanitarian aid effort following the 2004 Boxing Day tsunami in Indonesia, to setting up a logistics node in Africa to support a hostage rescue mission of a British national, I’ve worked on some challenging but memorable projects.

This role with Coles is a big step change from my career so far, but one that I am very excited about. I’ve already been out and about supporting our DC and supplier network, and I’m committed to working together with more of you to ensure that we are delivering the freshest products to our customers through great compliance with our Supply Standards.”

D-pallets Deliver

D-termined to deliver greater efficiency, the Coles Supply Team in Homecare have been working closely with Reckitt Benckiser to trial the use of D-Pallets to simplify the transport of off-location pre-pack display units.

The use of D-pallets in this trial allowed for the four product lines, along with their off-location bins, to flow far more efficiently through the Coles DC - as a full-pallet pick, and then directly on to stores without additional handling - while ensuring excellent utilisation of both primary and secondary transport assets.

Now shown to deliver end-to-end savings to both Coles and Reckitt Benckiser, the success of this trial presents an opportunity to expand this method of transportation to a greater range of suppliers, and extend supply to all stores.

Well done to Reckitt Benckiser and the Supply Team for working together to ‘simplify always’ and deliver real benefits to our DCs and stores!

(And, if you think there’s an opportunity to use D-pallets with your product range, please make contact with the relevant Coles Supply team to explore those options together)
Coles Nurture Fund Helps Aussie Farmers

Ashley Wiese and his business partners at Three Farmers in Western Australia - who are among our first ever Nurture Fund recipients - have used their grant to help build mainland Australia’s first quinoa processing plant. As a result, Australian White Quinoa launched in April at Coles in Claremont, WA, where Ashley and the team were excited to see their home-grown quinoa on the supermarket shelves for the very first time.

“It’s blown me away,” said Mr Wiese. “We were looking to send our quinoa overseas for processing. We applied for the Coles Nurture Fund and it all happened in a whirlwind. It just gave us the confidence to build the plant.”

Wesfarmers Managing Director, Richard Goyder, was delighted to attend the launch.

“This is one of the greatest days you can have in my role. Here we have great innovators, people who’ve taken a risk and we’re backing them,” said Mr Goyder.

In Victoria, Australian Fresh Leaf Herbs has used a grant from the Coles Nurture Fund to open a greenhouse which uses cloud technology and climate control that allows them to grow fresh herbs all year round.

“What’s fantastic about this technology is that we have shuttles that travel up and down the greenhouse and bring the produce all the way back to the shed,” said Jan Vydra, co-founder of Australian Fresh Leaf Herbs.

“Thanks Asaleo Care for working with us to deliver great value to our customers on these essential products, and well done to our category, supply, demand and store teams on fantastic execution of the EDV launch!”

- Peter Diplaris, CEO and Managing Director, Asaleo Care

Stay tuned for the announcement of the second round Coles Nurture Fund recipients this year.

Applications for the third round open on June 20.

Great work, Asaleo Care!

Delivering trusted value on the things that really matter to our customers is so important to us, which is why we’re so proud to now offer Every Day Low Prices on 37 SKUs across our two largest brands in Sanitary Protection - Libra and Tena.

With 40 percent of products in this important category now on Every Day Value, we’re making a real difference to shopping baskets in millions of Australian households.

“Combining two of the world’s best known and loved products, the Coles launch of new Cadbury Dairy Milk with Oreo was a huge success!”

Careful pre-planning and close engagement between cross-functional teams saw millions of units flow through the Coles network into DCs and millions sent out to our stores in the same week to support bold and creative execution in store – a truly fantastic effort from all our DC inventory teams! The smart use of pre-packed off-location towers and full outer picks also ensured greater efficiency for both DCs and stores.

“The launch of Cadbury Oreo has demonstrated best practice in collaborative planning, from early engagement right through to the various B2B stakeholder relationships between Coles and Mondelēz. Through meticulous planning, our supply team managed to co-ordinate an extraordinary volume through our network and into our stores in record time! Our marketing and operations teams delivered a compelling ‘go-to-market’ strategy and our store teams executed brilliantly, as always.”

- Tim Nitschke, Coles Category Manager - Confectionery, Bars & Gums

Thank you to everyone involved at Mondelēz International and in our teams in Impulse, Planning, DCs and stores, for your amazing work on this ‘sweet’ and highly successful launch!
We challenge ourselves to Be Bold at Coles, and we’re also really proud to support bold and innovative supply partners - like the innovative team at Sundrop Farms in South Australia!

At their fantastic site in Port Augusta, a landmark 20-hectare greenhouse will enable truss tomatoes to be grown with solar power and desalinated seawater 365 days a year, supported by an unprecedented 10-year supply contract between Sundrop Farms and Coles.

As a pioneer in sustainable agriculture for arid environments, Sundrop Farms created around 200 jobs during construction of their state-of-the-art greenhouse in the remote location. Since completing construction, the company has recruited more than 130 workers at Port Augusta and will create around 200 additional farm jobs in peak periods.

Coles Managing Director, John Durkan, explained that “tomatoes continually grow in popularity and are consistently ranked in the top 10 of most popular items in shoppers’ grocery basket. At the moment, demand for truss tomatoes consistently outweighs supply so the contract with Sundrop Farms will help meet this growth in demand.”

The very first delivery of tomatoes produced by Sundrop for Coles is arriving into SA this month!

“The relationship and commitment with Coles has allowed the Sundrop vision of world-leading technology and sustainable farming to now be a reality at Port Augusta in South Australia. Sundrop combines seawater, sun and technology to deliver high quality products with low environmental impact farming, and we are proud to be exclusive to Coles.”

- Steve Marafoite, Managing Director, Sundrop Farms

In another great step towards helping Australian households make affordable, healthy meal choices, the Poultry team has done an exceptional job to bring 600g Chicken Schnitzel onto our list of Every Day Value lines – down from $10.90 to $9.50 per pack!

We are only able to deliver fantastic value to our customers through great collaboration and planning with our suppliers. Thank you to the team at Baiada for your ongoing support, and for working with us to offer our customers lower prices every day!

Since holding Supplier Forums for our chilled supply chain late last year, we’ve taken exciting steps to increase the velocity of SKUs through our network to stores. We see this work as an essential driver to improving both availability and freshness at the shelf-edge for our customers.

Our team have now developed and deployed system enhancements to provide greater flexibility, which has enabled the conversion of over 1000 lines nationally to our Pick To Zero (PTZ) channel. (In Pick To Zero channels, no reserve stock is held in DC, and all received stock is fully despatched to stores before the next receipt - usually within one day).

We’re excited by the benefits that this PTZ expansion is delivering for our customers - reflected in improved quality, freshness and shelf-life - and are now testing the expansion of this successful model into Grocery, Non-Food and Frozen supply chains with selected key suppliers.

Watch this space for more details in the next issue!
Grocery Code at Coles

We are committed to ensuring that our terms and conditions with you, our suppliers, are both fair and simple to understand. Since becoming a signatory to the Australian Food and Grocery Code on 1 July 2015, we have made great strides towards successful implementation; however we need your assistance to complete this process.

You will have received offers (to your nominated Supplier Portal Administrator) to agree to Code-compliant Terms and Conditions, which contain the operational provisions that govern the supply of goods to Coles.

What is being asked of you?

Our aim is to agree on Code-compliant Terms and Conditions with all our suppliers by 30 June 2016, in order to meet the timeline set out in the Code. We believe these provide certainty and transparency on the terms on which we operate together.

If you have not done so already, we ask that you log into the Supplier Portal to consider our offer of Code-compliant Terms and Conditions. If this offer is acceptable to you, please fill in your details and email to: ttermse@coles.com.au

Where can you find your offer documents?

Supplier Portal → My Account Requests → In Progress Requests → Download by clicking ‘Action’

If you have any queries regarding your user access for the Supplier Portal, please contact: ColesSupermarketsSupplierRelationships@coles.com.au As always, your Category Manager is available to assist with any queries you may have.

Developing our Team

Ensuring that our Supply Chain team have the skills and knowledge to work with you in a collaborative and informed way is really important to us. To drive this, we’ve been building capability and developing our teams through a range of internal programs, and through a two-way partnership with Swinburne University.

Our tailored Licence To Succeed program and Team Workshops have been designed to give team members the right tools to work together with their internal and external business partners to achieve great results. Weekly lunchtime “Brown Bag Sessions” also give the team an opportunity to learn from selected Subject Matter Experts on a range of business topics - such as Systems, Range Reviews and Pick to Zero - to enhance and broaden their understanding.

As it’s important also to look at the wider picture, we’ve recently worked with Swinburne University to share learnings and insights outside our business. As part of a collaboration with Swinburne’s Faculty of Business & Law, Associate Professor Noordin Shehabuddeen recently conducted a valuable session with our team around innovation in the context of supply chain - and members of the Coles team were also able to present to undergraduate students at Swinburne to share insights around the Coles’ end-to-end supply chain.

“The Coles team gave a compelling presentation on the milk pathway from cow to customer, and the degree of complexity, coordination and teamwork involved. It was a wonderful opportunity for our first-year business students to learn about, and gain inspiration from, the real world of work.”

- Professor Michael Gilding, Executive Dean, Faculty of Business and Law, Swinburne University of Technology

Thanks, Swinburne Team, for contributing to a great learning and development partnership!
The Coles International Supply Chain team is responsible for managing all products which are directly sourced from our overseas suppliers, and look after the demand forecasting, supply planning, shipping, consolidation, customs clearance and delivery into Distribution Centres.

International Supply Chain manages the movement of approximately 20,000 containers each year - shipping from 83 ports in over 45 countries - working with more than 160 key suppliers across a 52-week supply planning horizon!

International Supply Chain was formed 12 months ago, with the merging of the International Planning and Logistics teams.

This initiative was to create a single, integrated team as a new centre of excellence - driving great on-shelf availability for our customers, while delivering initiatives that simplify and significantly reduce costs in the supply chain.

Over the next six months, the International team will be delivering a range of exciting initiatives, including: a new Consolidation Centre in Bangkok; completing the implementation of our new automated ordering system; delivering an innovative solution around how products are loaded inside containers; and working with the Australian Border Force to obtain a new accreditation as an Australian Trusted Trader. Watch this space for more details!

Andrew Hampson
International Supply Chain Manager

Andrew is one of the newest members to the team and brings over 20 years experience across Sainsburys, Best Buy and - more recently - Tesco, where he coordinated the import of all of their own brand product. Prior to joining the International team, Andrew was the Supply Chain Manager for Impulse.

Pat Debono
Shipping & Networks Manager

Pat has 27 years of experience with the Wesfarmers group in International Supply Chain. Previously, Pat has held key roles managing international logistics for Coles, Kmart and Target. In his spare time, Pat also works at our Caroline Springs store as a Duty Manager!

Casey Cassar
Freight Forwarding Manager

Casey has 15 years of experience in supply chain and logistics, working in manufacturing and agriculture. Specialising in international trade and studying in Australian Customs & Quarantine, Casey has been with Coles for three years across International Supply Planning and Logistics teams, and now manages our partnership with global strategic provider, DHL.

Brad Dancer
Local Operations Manager

Brad has 10 years of experience working in Coles’ 3PL warehouses and distribution centres, where he led operations and receiving teams. Brad joined the Coles team in 2014, and is responsible for managing our transport 3PL to ensure that all containers are delivered and unpacked on time across all our DCs nationally.

Elliot Majid
Graduate

Elliot has a degree in Commerce (Economics/Management) and a Diploma of Language (Mandarin) and his graduate rotation in International Supply Chain aligns closely with his interests, having previously studied and lived in China. During his tenure, Elliot will be focused on two key projects to reduce stock imbalance in our DC network and refine the planning process around high-profile seasonal events.

David Pearson
Supply Planning Manager

David has been with Coles for 15 years, starting in stores. In his time at the Support Centre, David has held many roles across Demand Planning, Systems, Capability Development and - most importantly - was our Project Manager for the International Replenishment System. David has been with the International team for six months.

Aimee Weller
International Supply Planner - Pantry

Aimee's nine years of experience in logistics and supply chain covers a broad range of industries, including agriculture and automotive. Aimee has been with Coles for two years, starting as a Category Demand Planner before moving to International in 2016. Aimee's portfolio includes coffee sourced from the Netherlands, through to Coles brand tuna from Thailand.

Caroline Turner
International Supply Planner - Pantry

Caroline has been with Coles for four years, beginning as a Replenisher in General Merchandise & Apparel before moving into International Supply Chain in 2015. Prior to Coles, Caroline spent 10 years in Sales and International Supply for a global I.T. manufacturer. Caroline's portfolio includes some of our biggest-selling lines in Olis, Canned Vegetables and Rice.

Marko Dodlek
International Supply Planner - Pantry

Marko has 15 years of experience in supply chain, with specific expertise in supply/demand planning and logistics coordination. Marko has been in an International Planning role with Coles for three years: his portfolio covers our Non-Food categories and seasonal event management, and he also has responsibility for our single most important product - checkout bags!

Brett Stewart
International Supply Planner - Impulse, HBB, Bakery & Freezer

Brett has been with Coles for 17 years, starting out in Stores before moving into the Store Support Centre after completing a degree in International Trade. Brett has held various roles within Operations, Finance and Supply Chain. Brett's portfolio is varied and complex, with a high-volume of temperature-controlled stock, largely sourced from suppliers based in Europe and the Americas.

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