

Welcome to today's webinar:

Winning in Summer, Winning Together

Improving Supply Chain Product Availability

Tuesday 22 October, 10am



A quick note:

Please note this session is being recorded.



Today's team:

- Raewyn Bleakley, CE, NZ Food & Grocery Council
- Hamish Jackson, Head of Supply Chain, Nestlé
- Matt Dean, Head of Operations, Arnotts

Today's session will cover:

- The Summer context
- Planning & Review
- The Checklist & how to use
- Supplier view
- Q&A

About NZFGC:



Represent the major manufacturers and suppliers of food, beverage, and grocery products in Aotearoa NZ, from the largest companies to emerging start-ups breaking into a highly competitive market, and the companies that support them.



Our members create and supply products that consumers purchase from the supermarket shelves every day, as well as being significant exporters.



Sector generates **over \$40 billion** in the domestic retail food, beverage, and grocery products market, and **over \$34 billion** in export revenue to 195 countries – **65%** of goods and services exports. Food & beverage is the largest manufacturing sector in NZ, representing **45%** of manufacturing income and directly or indirectly **employs around 500,000 people**.

About NZFGC Supply Chain Working Group:

- NZFGC **Supply Chain Working Group** serves as a platform for suppliers and retailers to collaborate, enhancing industry-wide supply chain focus through best practice sharing, process development, and mutually beneficial efficiency improvements.
- The group has representatives from FSNI, FSSI, WWNZ, and our NZFGC member suppliers.



The WISWT Toolkit

This Toolkit:

- Builds on previous Australian material aimed at improving in stock positions over key seasonal times.
- Has been reviewed and developed further within the New Zealand context.
- Recently updated, July 2024.
- Provides guidance for improving product availability and delivering improved shopper satisfaction in the summer period.
- Is an adjunct, not an alternative, to detailed internal and trading partner planning and deployment for January.
- Offers a clear and simple framework for planning and optimising a key sales period.

The Summer Situation

- Public holidays and annual leave.
- Seasonality and production shutdowns.
- Less reliable transport offerings.
- Coming up to financial year end.



Poor performance means...



Suppliers

Lost sales
Increased distribution costs
Production overtime / downtime
Inventory management issues



Retailers

Out of Stocks = missed sales
Service levels to stores drop
Missed / late deliveries increases
Transport performance issues
Supply issues

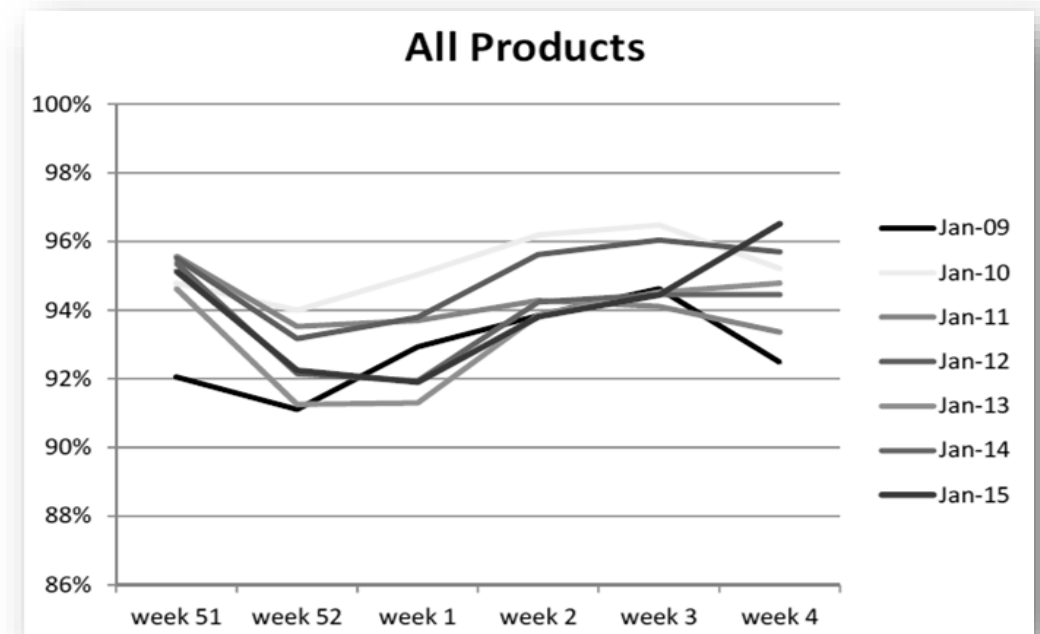


Customer

Decreased loyalty to Supplier and Retailer
Brand switching
Going without / delay purchase
Frustrated shoppers

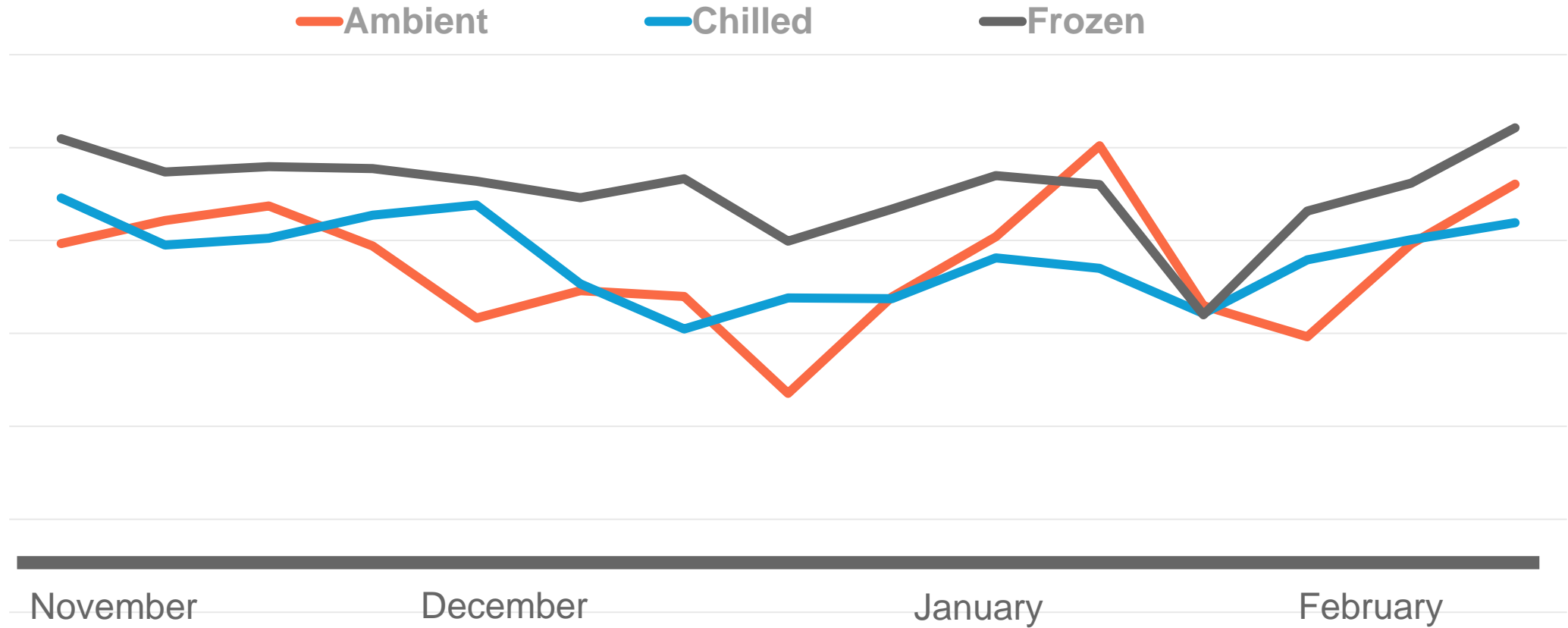
Historical Performance pre-2015

- The general trend is a 4% to 5% reduction in service level across the industry over the January period.
- There are significant sales growth and customer service improvement opportunities in January.



*Chart shows consolidated Ambient Grocery and Perishables results.

Trend data



How to “Win in Summer”

This is aimed at improving in stock positions in this Summer period, but also applies to other key seasonal events too.

- **Plan, Plan, Plan**
- Focus on **One Number**
- Daily **Responsiveness** to issues
- Understand your **Trading Partner**
- Operational **Flexibility**
- **Communication** Plan completed ahead of time
- **Contingency** Plan discussed and agreed upon

Delivering superior availability

Area	Action
Confirm business availability	Confirm critical business functions operating & appropriately staffed in during lead up & over holiday period; Including customer service, production, distribution, transport and 3PL facilities.
Ensure supply matches demand	Confirm and integrate promotion plans. Assess supply capability against total demand expectation. Understand and manage demand/supply risk.
Evaluate imported product, raw materials and storage	Appropriate quantities of imported and long lead time product available against demand expectation, including finished goods, raw materials and packaging. Appropriate storage capacity is available for higher stock levels.
Production capacity, stock building and shutdown	Production capacity scheduled to meet demand expectation, with flexibility to respond to demand variability. Adequate stock levels built and available to cover any shutdown periods, including demand contingencies.
Business alignment throughout Christmas period	Supply chain capability & capacity tested to manage/distribute elevated demand & stock levels. Distribution/Transport plans by customer pressure tested and cascaded internally. Forums organized for critical business functions collaborate regularly on demand/supply position, ensuring high availability and timely management of supply risks/issues.
Alignment of supply chains, up and down stream	Collaborate with suppliers and customers to ensure appropriate plans/capacity exists to receive, hold and move products against elevated demand and stock levels.
Christmas is not just December	High availability continues throughout January to maximise sales opportunities, not just throughout December

Planning for Summer

- One set of numbers provide a **common language** and used horizontally across the business departments and with trading partners as the basis for decision making
- These should be vertically integrated such that reports translate directly to **planning level activity**



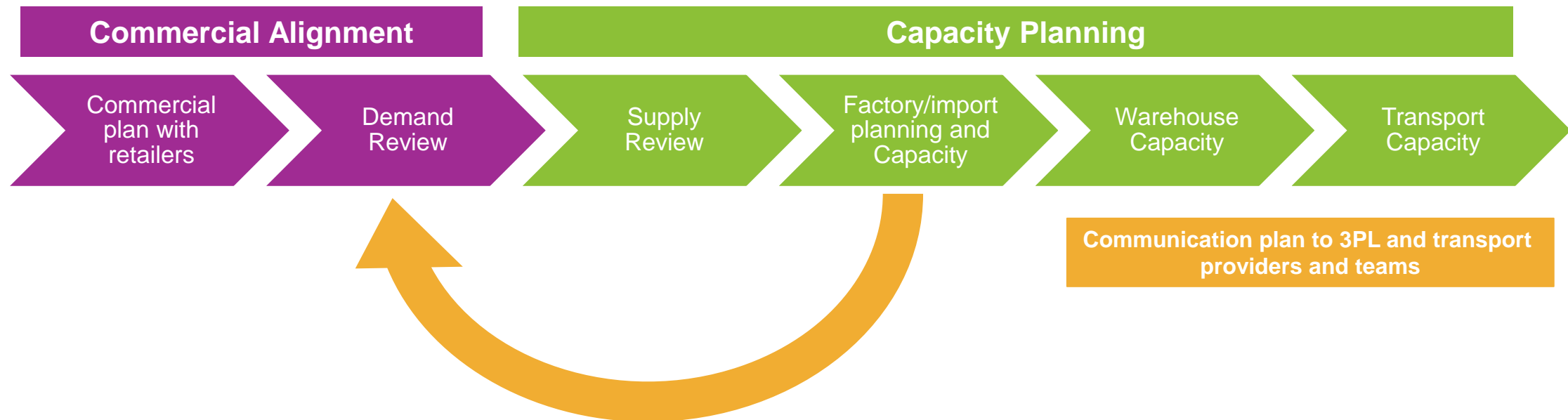
Checkpoint

- *Does a change in the demand plan translate to changes in purchasing and production requirements?*
- *Do changes to purchasing /procurement plan link back to financial projections of expenditure and inventory?*

Flow of focus points

Scenario planning – risk assessment approach with actions in place

Used to secure raw and pack suppliers considering lead-times



Commercial Alignment

- Based on promotional plan and consumer insights, review demand and supply plan alignment, including gap identification, management and communication of escalation
- Publish the Demand Plan into the Supply Plan, identify medium-long term gaps and manage/escalate

Capacity

- Understand additional capacity requirements over the critical period based on demand plans, including production, stock build/storage, distribution/transport, import, and develop/action appropriate mitigation plans
- Understand at risk or highly variable products or categories and increase supply plans and inventory to compensate. Including review availability of raw materials and packaging, logistics provision by 3rd parties

Capability

- Engage early with providers and 3rd-party providers to ensure requirements, volumes/timings are understood
- Develop communication requirements and matrix, to ensure fast reaction to issues of capacity / timing etc
- Develop and share a communication matrix, include substitute contacts and out of hours contacts

Contingency - scenario plan, review, action

- Monitor sales volumes and update plans, ensuring demand plan translate to changes in transport and warehouse requirements

The Checklists



Vendor Checklist				
<p>The following checklist provides the basis for determining the plan with vendors noting the key inputs to the process of determining ONE NUMBER on shopper and consumer centric approach, historic detail, growth opportunities, and activity plans. The joint planning and the number is a fact based approach that will be reviewed by all parties to ensure business processes will deliver, facilitate strategic decisions, and translate into growth. On agreement, the number is reviewed by all parties to ensure business processes will deliver, facilitate strategic decisions, and translate into growth.</p>				
		Lever	Activity	Status (RAG)
Review Last Year	Step 1	Review LY Performance	Complete the review template and include additional information below	TBA
		Sales (Value)	Analyse and quantify missed opportunities	TBA
		Product and Category Performance	Assess category performance, insights and expectations Provide the growth/decline by product grouping	TBA
		Promotional and Marketing Plans	What worked well and should be repeated; what needs improving Review promotions that increase sales by banner Assess the plan and the impact on sales	TBA
		Instore Execution	Review promotions that increase sales by banner	TBA
		New Products	Any impact of NPD OOS on service levels	TBA
		Service rates (DIFOT)	Analyse and quantify missed opportunities Previous performance and root cause analysis	TBA
		Promotional Plan	Request promotional timings well in advance and discuss flexibility	TBA
		No. Days of stock	Review the requirement to modify by SKU for the summer period Consider inventory turns and inventory holdings Review number of days stock for 'at risk' products Seek detail on your supply chain plans during public holidays	TBA
		Shelf Life	Planning to ensure finished product is received at distribution centres with appropriate shelf life/date code availability	TBA

Retailer Checklist						
<p>The following checklist provides the basis for determining the plan with vendors noting the key inputs to the process of determining ONE NUMBER on shopper and consumer centric approach, historic detail, growth opportunities, and activity plans. The joint planning and the number is a fact based approach that will be reviewed by all parties to ensure business processes will deliver, facilitate strategic decisions, and translate into growth. On agreement, the number is reviewed by all parties to ensure business processes will deliver, facilitate strategic decisions, and translate into growth.</p>						
		Lever	Activity	Who	Status (RAG)	Date Due
Review Last Year	Step 1	Review LY Performance	Review missed opportunities last year by specific vendor Where there any specific issues that need to be addressed TY	CatMan		
		Promotional and Marketing Plans	What worked well and should be repeated; what needs improving	CatMan		
		New Products	Identify if there was an impact of NPD OOS on service levels	CatMan		
		Category Performance	Review the performance of the total category Review current/anticipated growth by category for this vendor	CatMan		
		Inventory Holdings	Review if there was any impact due to inventory policies	Buyer		
Planning by Vendor		Review Supplier Targets	Seek alignment between retail and supply plans and objectives.	CatMan		
		Promotion Plans	Category promotional plans (volumes and timings) for all brands Review activity and tactics to increase sales Provide vendors with visibility of promotional timings Discuss promotional flexibility and response times Establish early warning notification for unplanned changes or additions Discuss if it is additionally support i.e. in-store, advertising, catalogues	CatMan		
		Substitutions	Discuss alternative products for OOSs if substitution is necessary	CatMan		
		Price Point	Discuss and agree on price points, consideration to events and the impacts of varying price points	CatMan		

Download at www.fgc.org.nz/summertoolkit

Supplier view

Matt Dean, Head of Operations, Arnotts

- Value of the toolkit
- How to use internally and externally
- Volumes - how it is useful for a business of all sizes

Questions?

Questions can be asked in the Q&A box.



Let's make this *stocked* Summer the best yet!

Supplier and Retailer planning is critical to getting a steady summer supply, so shelves are stocked. The 'Winning in Summer, Winning Together' programme supports supply chain success, with product availability.

Make this summer the best yet – get the toolkit today!



Download the Toolkit

> Visit www.fgc.org.nz/summertoolkit



Complete the Checklist

> *Input data, assign activities, consult*



Need further info?

> *Get in touch: admin@fgc.org.nz*

Thank you for attending!
NZFGC **Supply Chain Working Group:**

