



Reshaping The Supply Chain

THE RECENT IGD SUPPLY CHAIN SUMMIT, IN LONDON, EXAMINED HOW TECHNOLOGY IS RE-SHAPING THE WAY OUR SUPPLY CHAINS OPERATE AT AN EVER-FASTER RATE, AND HOW THE INDUSTRY IS RESPONDING. **BEN WEBB** REPORTS.

Is this the year the supply chain function finally comes in from the cold? Logistics has always been about boosting efficiency by shaving off a cost here and adding a saving there, but its potential role as a strategic cog in a more holistic approach to grocery retail is increasingly being recognised.

This was one of the main talking points at the annual IGD Supply Chain Summit, which took place recently in London.

As supply chains grow more attuned to the rapidly changing nature of the industry, the new question is: in a bid to satisfy the customer, how can we create value from source to shelf? The answer, it seems, is more about people – the individuals that work in the sector – than cold logistics.

With this in mind, the role of the machine

in the supply-chain process is also changing.

Following an introduction from IGD Director of Supply Chain Tarun Patel, Darren Smillie, IGD's Supply Chain Insight Manager, took to the floor with the task of explaining how the supply chain can be made more efficient by harnessing the disruptive effects of 'technology', and applying them to a people-based model, rather than succumb to the rise of the robots.

Managing the inevitable changes in technology and their impact on people, their skills and their structures will therefore be vital. Smillie cited Amazon's CEO Jeff Bezos, a philosopher king of the digital technology age, who described the current retail experience: "Technology advanced faster than anticipated... and in that whirlwind a lot of companies didn't survive."

Improved Efficiency

Where technology will play a crucial role in the future is in automating many heretofore demanding processes, therefore freeing up time for personnel to focus on creating added value.

Sci-fi fans would have enjoyed Smillie's list of new automated functions: driverless vehicles, drone deliveries, voice picking, warehouse picking, 3D printing, predicted analytics, image recognition, date embedded barcodes, augmented reality –and so forth. The result of the adoption of these technologies is that supply teams of the future will be smaller, but they need to be better.

"The companies best placed to win in the future will be those that can provide customers what they want, when they want it and how they want to buy it," Smillie explained. "That means providing a seamless front-end customer experience, together with an agile and optimised supply chain behind the scenes."

People First

Building on this, the theme of investing in people and their skill sets was developed during a session looking at the role of mentoring and collaboration between different components of the supply chain, from manufacturer to retailer. The IGD revealed it is to expand its Efficient Consumer Response (ECR) UK mentoring scheme in 2017, with the aim of creating 100 partnerships between retailers, manufacturers, wholesalers and foodservice companies.

Now in its fourth year, the scheme has grown from just 17 partnerships in 2014 to 80 in 2016. More than 80% of those taking part agree that the programme has provided personal and professional growth, while also giving a broader understanding of the supply chain.

"Developing the right set of skills to succeed in today's ever-evolving supply chain will be critical for future success, and ECR UK's mentoring programme is an ideal way to nurture these



Introduction: IGD Director of Supply Chain Tarun Patel

skills,” said Joanne Denney-Finch, IGD Chief Executive.

Collaborative Working

The way humans work together was also a key point in the presentation by Chris West, Asda’s vice president of commercial operations. To create more agile structures, the retailer is developing a series of ‘pods’, comprised of trading leaders and specific subject area experts.

“Everyone is at the heart of decision making,” West pointed out. With this more holistic mindset, he believes the grocer can drive product availability.

Asda wants to be more collaborative and reliable in its approach; not just internally, but also with its suppliers. This new structure is seen as a development process designed to enhance all relationships.

First, the retailer looks to ensure the basics are correct to create stability of supply. The second stage is to optimise the relationship, and the final step, which only a few suppliers have gone through, is to then focus on adding value.

The rapidly changing marketplace demands a rapid and flexible level of development. A new global replenishment system is on its way, rolled out from parent Walmart, West explained. It’s more flexible, predictive and more efficient in stock holding, which means more freshness and less wastage.

“We need to be sharp about what to do in future,” he said. “We need to always be moving forward, or we will be left behind. We need to embrace market uncertainty. We need to become nimble and have a get-it-right-at-the-right-place mindset.”

He reiterated: “Supply is not just about technology. It’s culture we want to drive. People are the core. They make everything happen. They must be able to use fact-based arguments but also be shop-centric savvy.”

Behind The Bricks

Also speaking at the Summit was Jeroen Van Weesep, Lego’s Vice President of Manufacturing Operations, who explained that the building blocks to supply chain success are people and culture.

He pointed out that when Lego was challenged by technology players such as Tamagochis and PlayStations, the company

responded by creating increasingly complicated products. Costs exploded.

The solution, Van Weesep, was to go “back to basics”. To the basic brick. To a basic means of working, which relied on close human interaction rather than ever more complex technical systems.

Management teams went back to sitting in a room around a whiteboard. Red ink was used for bad results. Thus, despite all the advancements in supply chain development, every person in the company understood what was happening.

“It was a way of collaborating that is creative,” van Weesep said. “You look at each other in the eyes and work out how the problem is solved. If it is not solved on time then ask you ask why not? And you ask if you can help. A positive meeting can be over in 15 minutes and everyone celebrates!”

“Developing the right set of skills to succeed in today’s ever-evolving supply chain will be critical for future success, and ECR UK’s mentoring programme is an ideal way to nurture these skills.”

Joanne Denney-Finch
IGD Chief Executive

Success, Van Weesep said simply, relies on selecting the right people. Not the system. “New staff must help each other and not focus on impressing the boss,” he explained. “It’s all about the team. The company itself is a playground that has a very consistent focus on what the brick can do. Just six bricks have 915,103,765 combinations.” Play and togetherness, then, are vital.

As pressure mounts on the grocery supply chain to deliver even more efficiencies it would be no surprise if some supply chain staff took an envious look at their colleagues at Lego and considered switching industry. Compared to the complex rigours of the grocery business, it sounds like child’s play! ■