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ECRA Board Announces 2005/6 Tracking Study

The *Australian Grocery Industry Tracking Study* was completed in 2001 and has been used as the basis for generating an ambitious and relevant work program since the report's release in 2002.

As part of ECRA's ongoing process to monitor and encourage the development and implementation of advanced demand and supply management process in Australasia, we are inviting companies to participate in this year's Tracking Study.

The tracking study which is based on the GCI Global Scorecard has a number of key objectives:

- progress, current performance and best practices in implementing ECR in Australasia,
- opportunities for further improvement from both an industry and individual trading partner perspective,
- estimation of the potential remaining

benefit of full ECR adoption at an industry level, and

- provide each participating company with visibility of their maturity within the industry.

An updated tracking study should provide both local and international benchmarking for individual participants and a renewed focus for industry developments. The ECRA Board encourages companies to participate in the Tracking Study and take advantage of the benefits it offers.

The study has been made possible by the continuing support of IBM Business Consulting Services.

For further information contact Samantha Blake at the Secretariat (samantha.blake@afgc.org.au) or Tom Sherlock from IBM Business Consulting Services (tom.sherlock@au1.ibm.com).

Seasons Greetings

ECR Australasia would like to take this opportunity to wish all readers a joyous Christmas and a prosperous New Year.



Product Recall Project Finalised

The increased number of product recalls and withdrawals which followed changes to the Food Standards Code in December 2002 drew attention to inefficiency and unnecessary costs in the inconsistent data requirements and processes adopted by trading partners in Australia and New Zealand.

ECR Australasia (ECRA) assembled an Australian and New Zealand project team to address this issue through consistent data requirements and processes for product recalls and withdrawals.

Reflecting the success of the project suppliers, retailers and wholesalers on both sides of the Tasman have adopted procedures for product recall and withdrawal which include a standardised form for the notification of retailers, wholesalers and Government agencies in Australia and New Zealand and a Product Recall & Withdrawal Process Flowchart.

Also included with the procedures documents are 24-hour contacts for suppliers, retailers and wholesalers, Government agencies and Police.

The standardised procedures will be used by Australian and New Zealand retailers and wholesalers from 16 January 2006. They are

designed to overcome possible differences in the requirements of individual retailers and wholesalers and at the same time, meet the initial needs of the relevant regulatory agencies. Data relating to recalls or withdrawals will now need to be keyed in only once - the scope for error is reduced, the efficiency of the process is enhanced, and costs to suppliers, retailers and wholesalers are also reduced.

Trading partners are encouraged to use these procedures and the standardised forms whenever a recall or withdrawal is undertaken. Trading partners recognise that recalls and withdrawals require cooperation in their management and impose demands on both suppliers and retailers. The procedures are intended to facilitate collaborative action and minimise resource demands.

This information is accessible on the AFGC and NZFGC websites (www.afgc.org.au and www.fgc.org.nz) and through links on the FSANZ, NZFSA and ECRA websites. (www.ecraustralasia.org.au)

For further details contact Harris Boulton at the Secretariat (harris.boulton@afgc.org.au).

Factsheet Publications

The ECRA Board has commissioned a series of *Factsheets* to assist companies and their trading partners, with critical ECRA issues.

To date three factsheets have been published and are available from the ECRA website.

- Loss Prevention
- Key Performance Indicators
- Data Integrity and Synchronisation

Product Listing and Delisting Project Underway

Frequent product launches have become the norm in the fast moving consumer goods industry, an issue that was highlighted for further investigation in the *Maximising Effectiveness of ECRA* report published in May 2005.

An efficient, coordinated, end-to-end supply chain is an essential enabler of new product introductions. There is a need to align the product development processes, supply chain and ranging to ensure that time-to-market expectations and actual product introduction cycle-times are in synch. Because frequent product launches bring rapid SKU proliferation, there is also a need to develop formal product retirement processes that are aligned with supply chain obsolescence processes.

Some of the challenges include a lack of collaboration between trading partners; a proliferation of SKU's; a lack of defined development processes and insufficient supply chain planning.

In the worst situation, a new product is immediately out of stock after launch and the absence of an effective allocation process between trading partners results in an immediate loss of revenue and opportunity and possible longer term threat to the success of the product.

A project team, co-managed by ECRA and Accenture, has been established with the objective of understanding the operational inefficiencies and unnecessary costs for suppliers, retailers and wholesalers through the introduction of new product lines and delisting of others, with the aim of developing a road map to optimise the management of ranging decisions.

The project aims to complete its work by the end of April next year.

For further details contact Samantha Blake at the Secretariat (samantha.blake@afgc.org.au).

Highlands 2006

The AFGC 2006 Highlands Senior Executive Forum for members and invited retailers and other guests will be held at the Hyatt Regency, Sanctuary Cove on the Gold Coast in Queensland from 31 May – 2 June.

Further information will soon be available on the AFGC website: www.afgc.org.au or by contacting the AFGC Secretariat by telephone on (02) 6273 1466.

ECRA EDUCATION

Supply Chain Capability Development

The ERCA Board and Accenture identified that increasingly complex supply chain processes were leading to a lack of consistency in understanding end to end management and integration of supply chain opportunities. Research into available training and education concluded a lack of focused in-depth development programs to build supply chain capabilities within Australasia.

The Supply Chain Capability Development (SCCD) program is a unique, tailored training approach for supply chain professionals.

The web based training provides a consistent supply chain learning approach for suppliers and retailers and covers 50 hours of flexible on line training focused on supply chain planning, integration and execution.

To assess the validity of this approach the SCCD program was piloted with three retailers and 7

supplier companies. Pilot results concluded the program was of value to the individual and their supporting organisation with 92% of respondents agreeing that the training modules improved their overall knowledge; that the course would support their development; and that it would be valuable to their current role. All of the course participants believed the course would improve consistency in dealings with suppliers or customers who had also undertaken the course and that it would assist in developing a common understanding of supply chain concepts and practices.

The Board is working towards the roll out of the program early in 2006 and details will be available shortly.

For further information on the SCCD program contact Samantha Blake at the Secretariat (samantha.blake@afgc.org.au) or Craig Hogan from Accenture (craig.hogan@accenture.com).

The most recent facts on EANnet industry status indicate Australasia is at the forefront of adoption of standards:

- Over 700 companies are already registered with EANnet
- Synchronising over 150 fields of data including price
- 693 companies currently participating (647 suppliers) within Australasia
- 98 of the *Retail World Top 100 Suppliers* are registered
- 248 grocery suppliers are EANnet Ready™ (>56K GTINs)
- 126 suppliers are EANnet Live™ with at least one retailer
- EAN selected to host the ATO Food & Grocery GST Index (powered by EANnet)
- Australian Catalogue of Medicines using EANnet – November launch
- Participating in the current GDSN certification event.

ECRA Seminars

Who Wants to be a Shrinkage Millionaire?

ECRA and Gillette Australia co-hosted an exciting early morning seminar on loss prevention on Friday 16 September.

The seminar afforded an opportunity for Colin Peacock (The Gillette Company) and Paul Chapman (Senior Research Fellow, Cranfield School of Management, UK) to share their learnings on effective shrinkage reduction strategies.

The presentation focused on the adoption of an end to end strategy across function and discipline. The highly interactive session provided attendees a chance to understand the need for a multi-pronged approach in reducing product loss, estimated to be the equivalent of 1.72% of industry turnover.

The presentation is available from the ECRA website.

Global Data Seminar

In Australia, Global Data Synchronisation (GDS) has become a strategic imperative for many manufacturers and retailers in providing a necessary foundation for Collaborative Planning Forecasting Replenishment (CPFR), collaborative supply chain management and Scan Based-Trading.

Through the use of EANnet, GS1 Australia's online item registry and data synchronisation service, trading partners are able to

continuously and automatically synchronise their item master data.

GS1 Australia (formally EAN) and ECR Australasia hosted a seminar to hear a status report on data synchronisation globally and in Australasia. Sally Herbert (President, Global Data Synchronisation Network Inc.) provided the global report while Mark Fuller (Chief Operating Officer, GS1) discussed plans to transition EANnet to satisfy GDSN requirements.

ECR Updates From Overseas

ECR Europe

The 10th Anniversary ECR Europe Conference was held in Paris during April.

Of particular interest was the presentation *The Case for ECR* in which case studies from leading retailers and manufacturers makes the case for ECR. Based on the most significant & comprehensive study of ECR effectiveness ever conducted, the session and presentation illustrates the impact ECR has had on the European industry, on retailers, and on manufacturers and discusses how ECR has satisfied shopper needs. Some key findings include:

- 10 years ago ECR targeted a saving of 6.9% of Consumer Sales value
- Approximately half has been delivered

- Levels of adoption have varied – not everyone has shared the benefits
- Shoppers score ECR adopting retailers higher on key criteria including store trust and loyalty
- Manufacturers who adopt ECR principle have driven category growth.

Conference presentations are available from www.ecrnet.org.

The 2006 ECR Europe conference and marketplace, "*Northern Lights – inspiring partnership through innovation and style*" will be held from 29-31 May 2006 in Stockholm. Details are available from the web site.

ECR Asia—8th Annual Conference

ECR Asia attracted about 700 delegates to its 8th Annual Conference in Hong Kong from 26-28 September, with the theme "Adding Magic to the Supply Chain." ECRA Manager Harris Boulton participated in the Conference program, making joint presentations with Accenture on the Supply Chain Capability Development program and joining an international panel discussing data integrity and synchronisation. Data synchronisation through the diverse markets in Asia was a key focus of the Conference.

Council meeting which preceded the Conference. He again joined with Jeffrey Russel of Accenture in briefing the Council on the Supply Chain Capability Development program. The Council expressed strong interest in the program and agreed to consider it in more detail when the results of the ECRA pilot project are available.

Further information about the activities of ECR Asia and its Annual Conference are available from www.ecrasia.com

Harris Boulton also attended the ECR Asia

“ECR principles support the belief that business success comes from delighting the consumer through meeting or exceeding their expectations”.

ECRA Adopts Charter

ECR principles support the belief that business success comes from delighting the consumer through meeting or exceeding their expectations. This can only be done through working together to remove inefficiencies and costs that add little value to the consumer. To ensure clarity around these principles ECR Australasia endorsed a **Charter** aimed at defining, in broad terms, its role and responsibility. The Charter is available on the ECRA web site.

The objectives of ECR Australasia flow from the adoption of a broader mission to both take costs out of the supply chain and better satisfy consumer demands. ECR is a "whole of demand chain" business activity and this is represented through the 13 core improvements concepts divided under the headings of Demand Management, Supply Management, Enablers and Integrators.



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Supporting Organisations
Australian Food & Grocery Council
New Zealand Food & Grocery Council

ECR Australasia is also strongly supported by all major Australian and New Zealand retailers and wholesalers.

The ECRA website contains, along with this newsletter, information and presentations from ECRA projects, reports and seminars.

Visit us at: www.ecraustralasia.org.au

New Faces on the ECR Australasia Board

The ECR Australasia Board is pleased to announce the appointment of Andrew Cummings (Clorox) to the position of Chair of ECRA.

Michael Watt (Arnott's New Zealand), Ian McDonald (Woolworths) and Pete Manuel (Procter & Gamble) have recently joined the Board. They replace Peter West (Arnott's) John

Bower (Gillette) and Nigel Comer (Heinz Watties NZ).

ECR Australasia takes the opportunity to thank Peter, John and Nigel for their invaluable input into the direction of ECR activities in Australasia.

The full membership of the Board is now:

Andrew Cummings (Chairman)
Managing Director, Clorox Australia Pty Ltd

Michael Watt
Managing Director, Arnott's New Zealand

Richard Brown
General Manager Food, Fuel & Liquor Supply Chain, Coles Myer Ltd

Steve Anderson
Managing Director, Foodstuffs (South Island) Ltd

Peter Tedesco
Chief Executive Officer, Green's Foods Ltd

Andrew Reitzer
Chief Executive Officer, Metcash Trading Ltd

Peter McClure
Chief Executive Officer, NZ Dairy Foods Ltd

Pete Manuel
Managing Director, Procter & Gamble and Gillette Australia Pty Ltd

Mark Brosnan
General Manager Merchandise, Progressive Enterprise Ltd

Ian McDonald
Woolworths Ltd