Transforming the Business Model to Improve Sustainability and Competitiveness
Woolworths Pty (Ltd) is a leading and respected retail chain

- Over **400 retail stores**, including franchise stores
- Range of **quality clothing, food, homeware, beauty** and **financial services** (in partnership with Absa Bank)
- Operations **in South Africa, Africa** and the **Middle East**
The Problem
The Problem

- Unsustainable / unreliable transportation solutions
- Not cost-effective, limited collaboration between suppliers
- Limited inbound / outbound integration
- Limited visibility of operations and reporting capabilities
Woolworths with Imperial Logistics Refrigerated Services and Volition

The Goal
Woolworths wanted to achieve the following:

- improved service levels to stores
- competitive advantage
- supply chain sustainability
Therefore they set the following **strategy**:

- Vertically integrate the supply chain
- Take ownership of primary transport (inbound from suppliers)
- Improve tactical and operational planning and execution management
Woolworths with Imperial Logistics Refrigerated Services and Volition

The Analysis
In 2008 Woolworths, with assistance from Volition and IMPERIAL Logistics Refrigerated Services (ILRS), quantified the current logistics cost imbedded in COS. The result was a business case for Woolworths to also own the primary leg of the supply chain.
During 2009 / 2010, the team modeled tactical scenarios to find ways to achieve the necessary efficiencies. Integrating inbound / outbound distribution emerged as the most promising alternative.

It was agreed that a Logistics Integration Centre (LIC) should be established to:

• House the advanced planning capabilities required to integrate the SC

• Support reporting and provide granular visibility of operations

• Thus be the key enabler of the strategy
Routing and scheduling tools for tactical planning....

....translated into executable plans
The Implementation
Supplier adoption activity has been increasing since 2009/2010

Development on a Logistics Integration Centre started in late 2011 with:

- Dashboard reports
- Data repository (provides additional granularity and analysis capabilities)
- Advanced planning and reporting capabilities (start of planning office)

“Operationalisation” first half 2012:

- Tracking YTD efficiencies, taking corrective action
- Integration of outbound transport
- Continued supplier adoption
Woolworths with Imperial Logistics Refrigerated Services and Volition

The Results
• Testimonials:
  • Woolworths KZN DC Manager: “Fair Field have contacted me and [are] very impressed with the thermometer that Imperial is using for probing product. So much so they now are looking for the contact details of the manufacturer so they can purchase one for themselves.”
  • Key Supplier: “Thanks Johan, we are keen to make this work and would like to finalise the operational detail as soon as possible. We would like May the 1st to be the starting date if we can get everything in place in time.”
The Learnings
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- Involve suppliers in the journey upfront
- Don’t under-estimate the importance of change management
- Support from Exco levels
- Ownership to drive the process
- Fair compensation / remuneration between supply chain partners to ensure win-win...drives correct behaviour
- Support for- and understanding of longer term vision rather than short term gains
All parties remain engaged on initiatives to support supplier adoption and broader supply chain improvement:

• Further integration of transport
• Tactical modeling of supplier adoption impact on primary, trunking and secondary
• Establishment of planning office
• Equipment centre optimisation
• Master data improvement
• Improving DC labour planning and control
• Green Supply Chain initiatives
Thank you.
Any Questions?