

Actions of Supply Chain Efficiency Committee



An Introduction in ECR China Conference 2008



Supply Chain Efficiency Committee, ECR China

Beijing, June 4. 2008

1. Objective of the Action

- **Improve Supply Chain efficiency by enhancing order fulfillment, focusing on fill rate and lead Time reliability.**
- **Improve Supply Chain efficiency by driving the development of standards including pallet, truck and dock standards.**

2. Action Plan – Order Fulfillment Improvement

2.1 Key Works & Schedule

- **Define & Align Order Fulfillment KPI (by Apr 30th)** [details](#)
 - ✓ Define KPIs (Fill Rate / Lead Time Reliability).
 - ✓ Align on KPI data source & calculation.

2. Action Plan – Order Fulfillment Improvement

2.1 Key Works & Schedule

➤ **Analyze KPI to list reasons & approaches (by May 8th)** [details](#)

- ✓ Share KPI from Supplier & Retailer side.
- ✓ Identify root reasons for unqualified performance.
- ✓ Workshop for listing key reasons and proposed approaches for improvement focusing on various functions.

2. Action Plan – Order Fulfillment Improvement

2.1 Key Works & Schedule

➤ **Implement improvement approaches with pilot committee members (May 10th – July 30th)**

- ✓ Jointly implement the approaches in pilot retailers and suppliers.
- ✓ Monitor progress and share information among pilot members on regular base.
- ✓ Review and wrap-up the pilot implementation.

2. Action Plan – Order Fulfillment Improvement

2.1 Key Works & Schedule

➤ Deploy updated approaches to all committee members

(Aug.)

- ✓ Update the approaches based on the conclusion from pilot implementation.
- ✓ Implement the updated approaches within all committee members.

2. Action Plan – Order Fulfillment Improvement

2.1 Key Works & Schedule

➤ Promote the concept and solution via ECR (Sep. – Oct.)

- ✓ Standardize concept, KPIs and measurement within ECR members.
- ✓ Promote the solution within ECR for further supply efficiency improvement and extend it to the two industries.

2. Action Plan – Standards Development

2.2 Key Works & Schedule

- **Assess current China standards and processes being followed from retailers and suppliers (June '08)**
 - ✓ Via survey completion
 - ✓ Areas: Data Flows, Physical Truck, Transportation Systems, Loading Standards, Receiving Capability

2. Action Plan – Standards Development

2.2 Key Works & Schedule

- **Align on the current and ideal state for each standard (June/July)**
- **Prioritize the areas where the committee will focus (June/July)**
- **Develop a plan for testing the focus areas (TBD)**

2. Action Plan – Standards Development

2.2 Key Works & Schedule

- **Promote the concept and solution via ECR (TBD)**
 - ✓ Standardize concept within ECR members.
 - ✓ Learn from other regions where it makes sense

3. Status & Next Step

3.1 For Order Fulfillment Improvement

Key Works	Schedule	Status
Define & Align KPI	Apr. 18th – Apr. 30th	Done on Apr. 30th
Analyze KPI to list reasons & approaches	Apr. 30th – May. 8th	Done on May 15th
Implement improvement approaches with Pilot members	May. 10th – July. 30th	On going
Deploy updated approaches to all members	Aug.	To be done
Promote the objective & solutions via ECR	Sep. – Oct.	To be done

3. Status & Nest Step

3.2 For Standards Development

Key Works	Schedule	Status
Assess current standards and processes being followed	April/May	Will be completed in June '08
Align on the current and ideal state for each standard	May	Will be completed in next meeting (June/July)
Prioritize the areas where the committee will focus	May	Will be completed in next meeting (June/July)
Develop a plan for testing the priorities	TBD	To be done
Promote the objective & solutions via ECR	TBD	To be done

3. Status & Next Step

3.3 Participants

- ✓ Members involved in making action plan: Tesco, Nestle, Coca-cola, IBM, P&G, Mengniu Group, Johnson & Johnson, Metro
- ✓ Members started implementation: Coca-cola, Nestle, P&G, Metro

Please join us for the actions!

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2. Action Plan & Status

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Defined KPI

KPIs	Formula	Data Source	Remarks
Fill Rate (FR)	$(\text{Order Qty} - \text{Short Qty}) / \text{Order Qty}$	Metro Goods Management System (will be MDW in near future)	1. Over delivered Qty is excluded. 2. Calculation is based on actual goods receiving date.
Lead Time Reliability (LTR)	$\text{Late Delivered Qty} / \text{Total Delivered Qty}$		

2. Action Plan & Status

KPI Report (sample)

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Suppliers	Fill Rate		Leadtime Reliability Late%	
	CY	PY	CY	PY
ABC	30.1%	92.1%	20.6%	34.2%
EFG	73.4%	83.0%	34.1%	24.2%
XYZ	81.1%	0.0%	59.9%	0.0%
OFG	71.1%	66.3%	21.9%	16.9%
OPQ	74.0%	60.5%	28.6%	29.9%

2. Action Plan & Status

Key Reasons & Approaches

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2. Action Plan & Status

Key Reasons & Approaches

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