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Wesfarmers Industrial & Safety's rapid re-alignment

Anna Game-Lopata

When WIS embarked on the improvement of its range about 18 months ago, it soon became clear to national logistics manager Simon Moore that the company needed to resource its supply chain, starting with the alignment of logistics strategy to its sales and marketing strategy.

"Initially our key objective was transparency of information followed by processes and systems," Moore says. "This built a solid foundation from which we could launch new and exciting growth initiatives."



priority of our suppliers. It's very difficult to have excellent DIFOT if your suppliers don't share your ethic. Provided you've managed your systems and processes, performance reporting, benchmarking and collaboration are critical enablers in the development of this ethic throughout the supply chain."

Simon Moore says Wesfarmers places a very large emphasis on quality systems and processes. "We have many national contracts with national price lists for delivery to multiple sites across Australia, so it's very important the service received when ordering from our branches is consistent."

"One of the big catalysts for change involved improved exception reporting on potential supply issues," he says. "This process involved developing some rigid expediting and customer advice systems. We need to know about potential supply issues and be able to advise customers on possible alternatives as early as possible. The service is exception based, but it's the exceptions that lose you business. When our sales people started getting tremendous positive feedback, they realised customers viewed the information as a value add part of our service rather than bad news they were reluctant to share."

Also essential is the company's more strategic approach to procurement. "We've concentrated on having a quality width to our range," Moore says. "Our previous offering was to catalogue and source as many products as possible, which resulted in high inventory levels, high demand volatility and inconsistent service."

"At WIS, capital management is very high on the agenda and our biggest compressible asset has always been inventory. We ascertained for example, that rationalising 20 equivalent products to 6 from preferred suppliers with appropriate quality control, service ethic, and commercial terms, would provide better value overall for our customers."

As a result of this ongoing realignment, Moore says WIS has seen significant improvements in customer DIFOT accompanied by a



"SOLUTIONS FOR EVERY PALLET"



substantial reduction in group inventory levels for us in the last 12 months. Having streamlined the supply chain, WIS sought the help of external consultants on an external benchmarking project. "This was useful to confirm that our initiatives stood up against industry best practice and enabled an insight into where we were potentially over-invested in the supply chain or required improvement," he says. "Our supply chain strategy will continue to evolve in line with optimal working capital, efficiency, and customer service requirements, including a regular external benchmarking process."

According to Moore customers are becoming increasingly vocal about their preference for being closer to the source of the product, which he sees as a differentiator for WIS. "We've invested a lot of time and effort into partnering with quality suppliers and logistics providers to develop what we believe is a world class international supply chain," he says. "In October last year we registered an office in Shanghai as our global sourcing office. This included the implementation of a full blown quality system, including multiple overseas consolidation facilities capable of value add services such as quality control and intelligent packing."

While Wesfarmers Industrial & Safety has always been active in collaborative forecasting with key customers and suppliers, Simon Moore says the company has recently been focusing on transactions. "To this end we've been working with suppliers to manage economic order quantities and frequencies for mutual operational benefit," he says. "We're currently well into the implementation of a high end forecasting and planning system, and we're further enhancing our transactional systems to better manage product classification and supplier lead times."

"Category planning is another new approach to demand management the company is introducing," Simon Moore says. "While sales people at particular branches can best gauge demand at a regional level, national category and sourcing managers negotiate issues such as range extension and product supersession at a national level. For example they ensure our transition to a manufacturer's new model occurs seamlessly."

"This approach also extends to logistics management for promotional activity where systems and strategy must adjust quickly to changing levels of demand."

Distribution centre development, already successful in Queensland, is another feature of WIS' transformation. "We're keen on implementing a DC footprint that provides the most efficient pick, pack and dispatch for product, and the safest most accurate environment available," Moore says. "Barcoding combined with increased levels of automation and other warehousing technologies are big focus areas for WIS, and are extremely important in driving the most efficient door to door outcome from supplier to customer."

Simon Moore points to Blackwoods' On Site Services (BOSS) as an exciting initiative currently executed on a number of customer sites including the Argyle Diamond and Curragh Coal mines. "BOSS is a retrofitted, forty foot shipping container with its own power," he enthuses. "It's basically a customer configured mobile warehouse with RF and back to base capabilities. With five levels of reporting, on-going stock-take and inventory maintenance, our contracts have a fully replenished container on site which also provides us with network modeling flexibility."

Simon Moore believes taking control of its inbound supply chain has been critical to WIS' success. "We see the solid platform we've built as a big opportunity to collaborate further with our suppliers in a milestone based environment," he says. "This kind of collaboration, supported by supply chain transparency, will be of massive mutual benefit ensuring that our expediting effort is always focused on exceptions."

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