Welcome to a new year in Supply Chain!

2010 is the year of integration for our Supply Chain Transformation project. In 2009, our teams worked tirelessly to build a successful foundation by launching new systems and key processes throughout our supply chain. These changes led to reduced lead times, improved service levels, increased availability on our store shelves and most important, more satisfied customers.

We can look back on the past holiday season with some pride. It is an extremely important time for our business and together our teams put in the time and planning to make it successful. Your collaboration supported one of Loblaw’s most successful holiday seasons to date. Together we ensured your products were on shelf and available for our customers.

This year we will continue building on that momentum by adding new processes and system capabilities to our supply chain through additional ASN conversions, JDA, TMS and SAP implementations. Importantly, we will also launch our flow through pilots this year.

The key to both our past and future success lies in our partnerships with our stakeholders and suppliers. As always we remain committed to keeping you involved and informed in all areas of our transformation.

This is going to be an exciting year for supply chain as we continue to put the right people, processes and systems in place to meet our customers’ expectations of Fresh, Available and Easy. Stay tuned!

Jon Adams,
SVP Supply Chain 2010
2010 will be an exciting year for the transport organization and the transportation management system (TMS) project. Throughout the first quarter we will focus on the completion of TMS deployments at locations in Quebec and the Atlantic. We’re pleased to announce we’ve had twenty-three successful implementations completed in an eight month period ending in January. We expect to increase that number to 30 sites across Canada by mid-2010.

The bulk of 2010 will be spent leveraging our newly deployed transport systems. Our focus is to fully integrate our inbound and outbound transportation business nationally. The common platform will provide better visibility allowing us to reduce our empty miles and better consolidate inbound volumes. The team is also working to integrate our TMS with real-time tracking information. Having access to improved, accurate and real-time information will allow us to execute in a more timely fashion. This integration will improve overall on-time performance and reduce the number of no shows at supplier docks.

Integrated Planning Forecasting and Replenishment
Since October 2009, twenty-four Supply Chain Analysts (SCAs) have been using JDA as their Distribution Centre forecasting and replenishment tool. These users are learning to transition from a very transaction based environment to a forward-looking, proactive tool that focuses on managing exceptions to drive future performance. In the first half of 2010, we will continue rolling out our grocery desks on JDA as well as the EDI 830 document to suppliers. Later in the year we will also deploy our fresh business and general merchandise on JDA.

Planned Order Scheduling Update...
We have also piloted the EDI 830 document that provides suppliers clear visibility to Loblaw replenishment plans. Suppliers are using this information to help plan their operations to match Loblaw needs. We are now ready to begin rolling out the EDI 830 with a larger group of suppliers.

Coming Soon!
The IPFR team is also working towards their store pilot that will forecast and replenish computer assisted ordering (CAO) items from the distribution centre and some DSD suppliers. This paves the way for the end-state where store requirements drive the upstream flow of product through the entire supply chain.
Clorox Pilots Planned Order Schedule

On November 9, 2009, Clorox received its first EDI 830 transmission. Today, members of the Clorox replenishment team are working with Loblaw supply chain analysts to tune forecasts further improving the accuracy of the planned order schedule. Information from EDI 830 data provides replenishment teams the opportunity to work together to improve key supply chain metrics such as case fill and on-time delivery.

“Sharing and working from the same information allows us to identify and correct variances in data”, said Darren Bowen, Vice-President, Product Supply, Clorox. “Accurate reports help to reduce product shorts and increase freshness and availability.”

The highly anticipated Planned Order Schedule provides 26-week visibility into Loblaw’s planned purchase requirements. “Working with the Planned Order Schedule allows the Clorox team to effectively plan for raw materials and scheduling production”, adds Bowen. “Partnering to fix the information and communication gaps in our replenishment cycles demonstrates our shared commitment to the customer.”

Through communication and shared forecasting, Loblaw and Clorox are making it easier for supply chain colleagues to deliver our Fresh, Available and Easy promise.

SAP: Improving the Way We Work Together

Part of Making Loblaw the Best Again is about exceeding the expectations of our customers. To help us achieve this goal we are also improving the way we do business with our suppliers. This is why we’re implementing a better and more sophisticated SAP retail systems platform.

As part of this change, Loblaw will change some of our forms and may call on suppliers to validate current information about your company and products. You will be able to provide this validated information using an online extranet portal. The process is secure, simple and easy to navigate and use. Over the coming months, you will receive further communication about your participation in the master data project.

With SAP in place, it will be easier and more convenient to work with Loblaw than ever before.

ASNs Gaining Ground in 2010

The ASN group is proud to announce more than 80 per cent of the volume going into Laval and Surveyor Road Distribution Centres (DCs) is now ASN certified. The cut-over was completed in partnership with a small group of suppliers with minimal disruption to business operations. Going forward, suppliers should expect more ASN rollouts in early 2010 at the following DCs:

- South Surrey (DC 57)
- Lakeside (DC 21)
- Atlantic Freezer (DC 6)
- Freeport (DC 31)

The team is working closely with suppliers currently live on ASNs to clean up case UPCs and improve the receiving process. Lessons learned from wave one suppliers have been incorporated into roll out plans for wave two, which kicks off in March 2010.
Dieters Rejoice!

Yogurt service levels get an overhaul for Q1 2010.

New Year’s often begins with a resolution for a new, healthy diet. As a result, yogurt sales tend to spike as consumers focus on healthier food choices. Knowing that Q1 yogurt service levels struggled last year, Loblaw planned to stay ahead of the game for 2010. Supply chain teams met with yogurt suppliers in March 2009 to discuss how to improve communication and planning for 2010. By Q4, the team had achieved several milestones including: aligning expectations for promotions, factoring for the lift in January sales and scheduling inbound timelines to ensure best available code dates. “During monthly meetings, we aligned processes and promotional activity planning that resulted in a reduced lead time by one day for national brand and eight days for private label”, said Supply Chain Director, Marco Bianchi. “Our hard work on this project has increased service levels to stores by five per cent over last year during this time.” Thanks to the team’s planning and collaboration your yogurt products were on our shelves on-time and available for customers to purchase.

Flow Through Sneak Peek

In 2009, we prepared the foundation for flow by partnering with suppliers to streamline Loblaw’s replenishment cycle. This has paved the way for our first flow through pilot scheduled to launch in Q3 with a select group of suppliers. As the year progresses, Loblaw will launch several pilots, each with a different focus. Initially, we are targeting slow moving SKUs before moving onto fast grocery and perishables. Loblaw’s flow pilots will leverage new systems including WMS, TMS, and IPFR as well as supplier capabilities—giving us a sneak peek of our integrated, end-state supply chain.

As we prepare operations for the flow through pilot, the team is continuing to improve business process disciplines. Working together, we will continue to shorten lead times, reduce days on hand and improve replenishment cycle metrics.

Finally, the flow team is working to identify additional tactical flow opportunities for promotional and display ready pallet units, as well as maximizing the use of consolidation centres to help prepare produce suppliers for flow.

The Road Ahead

Throughout 2010, we will continue to share with you our progress and changes coming your way. In the short-term, here’s the road ahead for March and April:

- Atlantic Freezer DC: outbound loads begin
- ASN Wave 2 Kick Off
- Freeport DC WMS go-live
- IPFR: Continued roll out of grocery desks onto JDA
- EDI 830: Continued roll out of suppliers participating in Planned Order Schedule

Questions?

If you have questions, please feel free to e-mail us at SupplierSC2010@loblaw.ca