

Working with Foodstuffs Procurement

A guide to working with and
supplying our distribution centres

January 2020

FOODSTUFFS
South Island

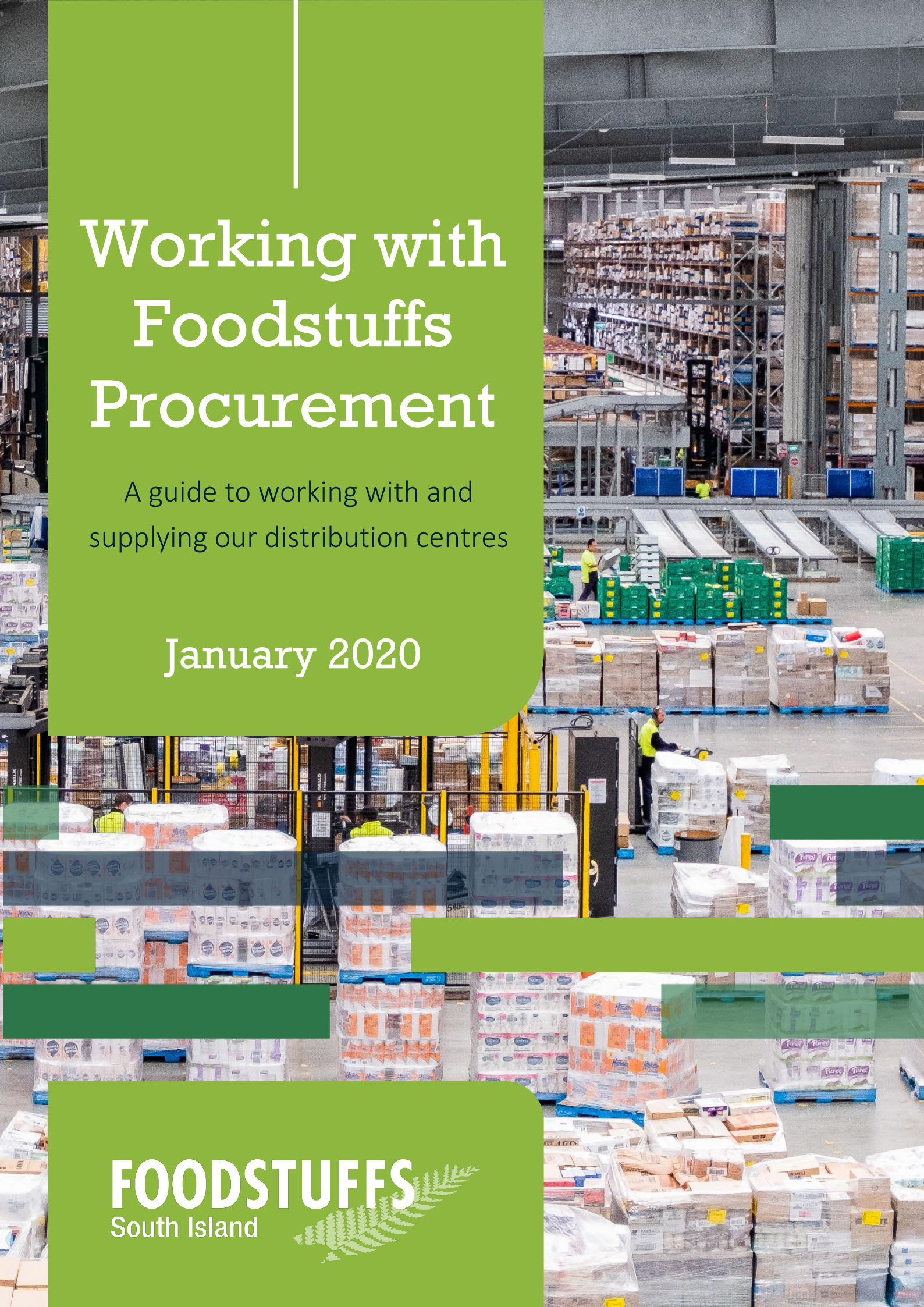


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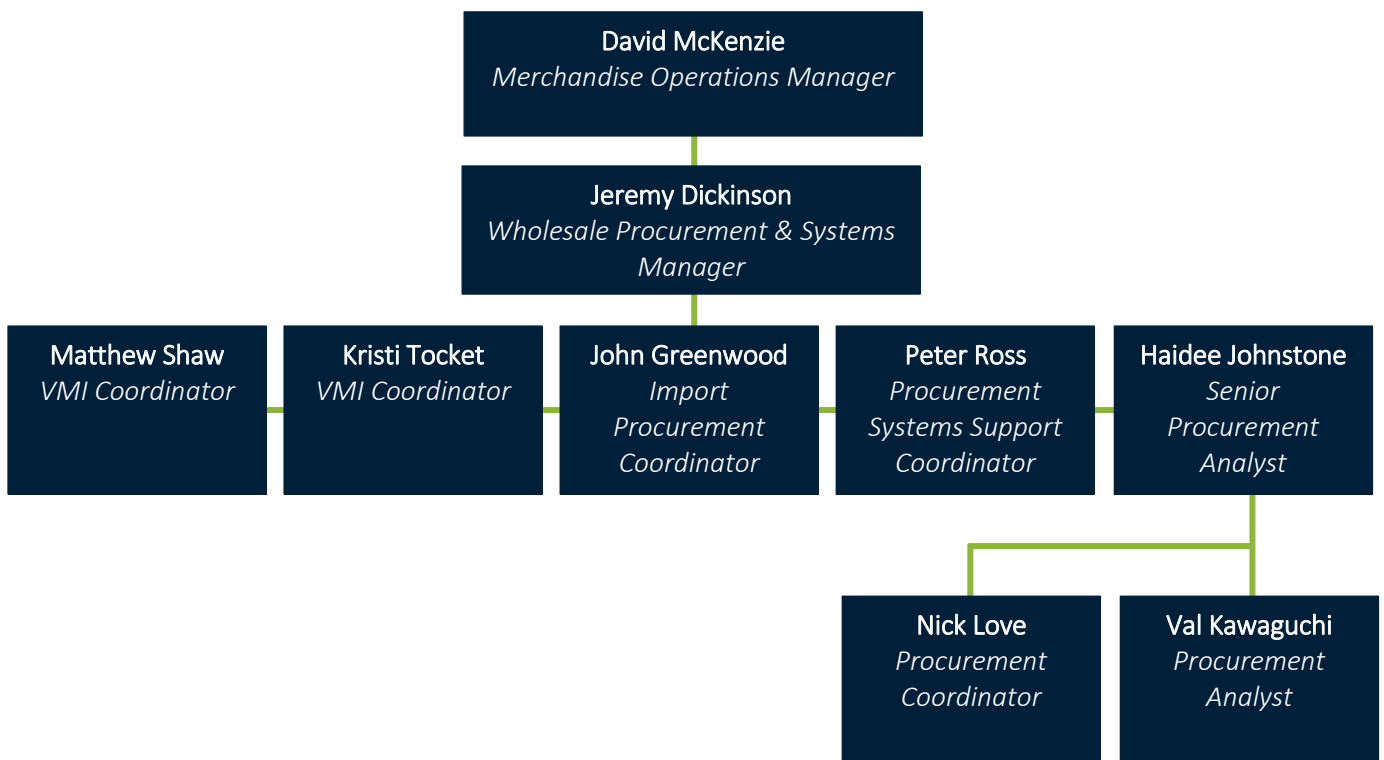
Working with FSSI Procurement Team – Local Vendors

Introduction

Foodstuffs South Island's Procurement Team is a team of 8 consisting of analysts and coordinators. It forms part of the wider Merchandise team. Working with vendors, we aim to achieve a 97% inbound service to our DC (what we order vs. what you supply) and a 97% outbound service to our members (what members' order vs. what the DC was able to supply).

The purpose of this document is to be a point of reference for some of our key procedures, key contacts and ways of working for new and existing vendors.

Structure



Key Contacts

Name	Role	Email	Phone	Role Detail	When to Contact
Nick Love	Procurement Coordinator	Procurement.coordinator@foodstuffs-si.co.nz (preferred*) nick.love@foodstuffs-si.co.nz	03 352 0835	Buyer	Main point of contact for day-to-day queries
Val Kawaguchi	Procurement Analyst	val.kawaguchi@foodstuffs-si.co.nz	03 363 6925	Analyst, back-up buyer and import buyer	Reporting queries, cover when Nick is away
Haidee Johnstone	Senior Procurement Analyst	Haidee.johnstone@foodstuffs-si.co.nz	03 352 0830	Analyst	Forecasts, performance measures and allocations
Jeremy Dickinson	Wholesale Procurement & Systems Manager	Jeremy.dickinson@foodstuffs-si.co.nz	03 353 8656	Oversees the team	Seasonal planning, escalation

*The Procurement Coordinator email address is a shared inbox and should be the first point of contact. The team all have access to this inbox and either one of the team members will be monitoring it from 6am – 4:30pm every weekday,

DC Contacts

Foodstuffs Hornby Distribution Centre (ambient and temperature control)

03 344 1401

Foodstuffs Dunedin Distribution Centre

03 466 4100

For DC Bookings/Inwards Goods/Collections

- Hornby Ambient: 03 372 2951
- Hornby Temperature Controlled: 03 372 2939
- Dunedin Ambient: 03 466 4135

DC Delivery Addresses

Foodstuffs Hornby Ambient Distribution Centre

1 Quadrant Drive
Christchurch 8042

Foodstuffs Hornby Temperature Control Distribution Centre

1 Quadrant Drive
Christchurch 8042

Foodstuffs Dunedin Distribution Centre

Teviot Street
Dunedin 9012

DC Policies and Guidelines

Our Distribution Centre operations are extremely disciplined owing to the large number of orders received each day. Please make yourself familiar with our policies and procedures for our respective distribution centres (DC's).

<https://suppliers.foodstuffs.co.nz/processes-and-guides/wholesale-distribution-and-procurement/>

Pallet transfers

All pallets received by the DC's are managed on a transfer system. Foodstuffs will arrange to transfer pallets onto their account from a nominated suppliers account. This is facilitated by the Chep and Loscam pallet transfer system. Please complete and return the Pallet Transfer Levy Authorisation form found at the bottom of the page here: on <https://suppliers.foodstuffs.co.nz/processes-and-guides/wholesale-distribution-and-procurement/>

Foodstuffs Exchange

Foodstuffs Exchange is where you can manage your trading relationship with both Foodstuffs South Island and Foodstuffs North Island.

As a supplier to Foodstuffs you need to have a login to the Foodstuffs Exchange Portal. This is where all your purchase orders from the DC and stores will appear, along with invoicing and where you can maintain your contact details.

<https://www.foodstuffs-exchange.co.nz/>

NPD Process

All new products need to be presented to our category services team following the process outlined here: <https://suppliers.foodstuffs.co.nz/processes-and-guides/supplier-engagement/ranging-at-foodstuffs-south-island/>

If your product is accepted for DC ranging it can take between 4-6wks to be fully setup and ready for DC ordering. You will receive notification from your coordinator once it is ready for ordering and it will be ordered on your next order (existing vendor) or if you are a new vendor, when we are advised it is ready to be ordered.

We appreciate you sharing any volume forecasts/indications you have with us prior to our first order, particularly if the product type/function is new to market.

Allocations/Indents

We have the ability to facilitate indent stock to store via the DC through an 'allocation'. Examples include seasonal releases, limited editions and large new product releases. By doing an allocation it ensures fair distribution of product and stores will get the exact quantities requested.

This needs to be agreed on upon ranging with Category and Promotional Teams. Please get in touch with Jeremy or Haidee for further details.

Product Spec changes

Vendors need to advise us about all product changes and provide updated data whenever there is a change to a product. This may include carton configuration changes, new barcodes, packaging or formulation changes. You need to provide updated product information six weeks prior to when you want the changed product to be available in the market. If we are not notified there's a risk stock will be rejected at the DC and will need to be collected at vendor's expense.

Please follow the process below:

1. Update data in GS1/Foodstuffs Exchange Product Flow
2. Complete the 'Procurement Notification Form' available from your coordinator
3. Send to your FSSI coordinator or Procurement Analyst
4. FSSI Procurement will then submit to NatPIM and our Local Article Master team for update, including vendor in the email should there be any questions from the NatPIM and Article Master Team

Filling out the Procurement Notification Form:

- Effective Date: the date which the change is effective from. If it is a carton change, ensure the last of the old stock has been sent from your DC before the change is requested
- Vendor Number: FSSI Vendor number. It will start with a 1 or 3
- Vendor Name: Business name
- Existing EA Gtin: Current unit barcode
- Description: Product description
- SAP Code: FSSI article code. 7-digit code starting with a 3 or 4
- Reason: What's changing? E.g. carton change, pallet config change, product description change, barcode change, product spec change (if greater than 10% it will be required to be setup as a new article)
- Procurement: Name of your FSSI Coordinator
- New EA Gtin: New unit barcode. This is only required if changing
- Comments: Details of what's changing. Be specific e.g. carton size changing from 8 to 12

Further information about managing your product information can be found here:

<https://suppliers.foodstuffs.co.nz/processes-and-guides/managing-your-product-information/>

Dated stock

While we do our best to avoid dated stock there will be instances where stock goes short dated (hits our despatch limit to store). Reasons why stock may go short dated include product has sold slower than forecasted, stock arrived with shorter than normal dates, mixed dates arrived on a pallet, stock arrived out of sequence (FIFO) or there was a stock rotation issue at the DC.

Vendors are responsible for the clearance of short dated stock. For ambient stock you will receive an email asking what you want to do with the stock. For chilled and frozen product all vendors who have product in our temperature-controlled DC's should be receiving a 'Pre-Expiry Report' which details anything coming up short dated and any stock that has gone short dated. If you are not receiving this report, please get in touch with your coordinator.

Options for clearing stock:

1. Via a store (Stock Clearance Template available from your coordinator needs to be filled out). If at a discount we will key it out to the store at the discount and the difference in cost will be invoiced back to the vendor
2. Claimed and collected
3. Claimed and dumped
4. Claimed and donated

Note the responsibility of clearing short dated private label products from the DC sits with Foodstuffs South Island.

Overstocks

As with dated stock, it is not our intention to sit on excess stock, however, this does happen and is something we monitor weekly.

As a rule of thumb, we aim to sit on no more than 8wks worth of stock. We have rounding profiles in place to ensure buying efficiencies for both vendors and our DC which are reviewed quarterly. These are:

- If we will sell a pallet within 8wks, we will buy in multiples of a pallet
- If we will sell a layer within 8wks but less than a pallet we will buy in multiples of a layer
- If we will sell less than a layer in 8wks we will order in cartons but we will order 28 days' worth of stock. Please refer to the DC Policies and Procedures about supplying less than a layer of stock

For our chilled and frozen DC our parameters are a bit more fluid due to shorter life products being in the mix but again we aim to be sitting on no more than 8wks worth of stock.

We understand that this may not always meet your MOQ's. MOQ's need to be agreed upon as terms of supply with Foodstuffs Own Brands.

Once a product is in the DC it is the vendors responsibility to ensure it moves and meets the distribution and rate of sale targets set out by Category Services at the time of ranging. Therefore, the responsibility of clearing overstocks sits with the vendor (within reason). Notification emails will be sent weekly for any overstocks.

If you see an order come through and you think it is too much, please get in touch as soon as possible so we can double check any settings we have set.

Note the responsibility of clearing overstocked private label products from the DC sits with Foodstuffs South Island.

Deletions

Our distribution centres only have a finite amount of space so as we accept new products, we need to make room by removing underperforming products.

Warehouse deletions are reviewed regularly and will come about as a result of one of the following:

- New Product Review (6 months post launch)
- Slow moving/low sales
- Category reviews
- Ranging decisions
- Lost contract customer (Trents)

All products that come up for deletion are circulated amongst the relevant Foodstuffs SI teams where teams can remove/save a product from the suggested deletion list. Anything that isn't removed and is confirmed as a deletion goes through the following process:

1. Coordinator or analyst turns replenishment off and flags as MDL (manufacturer delete) or WDL (warehouse delete)
2. Initial email sent to vendor advising of deletion
3. At the beginning of the following month, a final deletion notification email is sent requesting stock to be cleared by a specific date (4wks after email is sent) and any remaining stock come that date will be claimed

It is important to note that Category Services run the Category Reviews and Range Reviews and not all range changes and deletions made by the category team result in deletion from the warehouse.

Note Foodstuffs South Island will clear remaining deleted private label stock from the DC.

Collections

Collection of stock will be required at the vendor's expense if one of the following happens:

- The DC is oversupplied or supplied the wrong product and we are unable to accept the stock (note we review these before rejecting and try to accept the stock where possible)
- Stock arrives outside of our date limits (again we review these before rejecting and if it will sell through before it hits its despatch limit we will look to accept it)
- Damaged stock, if deemed to have arrived damaged to our distribution centre (we have camera footage that goes back 3 months if investigation is required)
- PC Claims (Proforma Credit) that have been raised as a result of dated stock, overstocks or deletions and the vendor has opted to collect the stock

Once the vendor has been notified of the collection the vendor has 7 days to collect the stock. An email will be sent with a reminder if the stock hasn't been collected and from that email the vendor has a further 7 days to collect the stock. If stock has not been collected by the requested date stock will be disposed of.

When collecting the stock please contact the Inwards Department at the DC (contact details on page 4) prior to arrival to ensure that stock is ready for pickup. The transport company will also need to bring the Returns Delivery Note and quote the PC Claim number on arrival or risk being turned away.

If disputing a claim/credit request as per our policy this must be done within 90 days of receiving the claim/credit request.

Pricing

All price changes need to go through Foodstuffs Own Brands (FOBL). Further details can be found here: <https://suppliers.foodstuffs.co.nz/processes-and-guides/changing-your-list-price/>

If FSSI places an order and the pricing does not match what you have listed, please let us know straight away so we can work to resolve it. This avoids any pricing discrepancies down the track saving time and money for both parties.

Reporting available

We have a number of reports available which we encourage vendors to utilise. These can be setup to come to you automatically either daily, weekly or monthly. Reports available free of charge include:

- Stock on Hand (SOH):
 - SOH (value and units)
 - SOH Days Cover (based on last 13wk sales)
 - SOH Pre-Expiry Report (SOH by BBD) – all chilled vendors should be receiving this
- Inwards Service Level – what we have ordered vs. what you have supplied
- Outwards Service Level – what stores' have ordered vs. what the DC were able to supply

If you are wanting to track distribution gaps, store ordering patterns, repeat purchasing and/or the split of volume between banners we have a report available for \$150 a month which breaks down orders, by store and by sku. If you are interested in receiving this report, please get in touch with Jeremy Dickinson.