

Shrinkage Reduction

The Infasil Case:

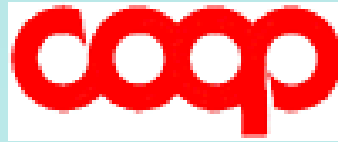
Investigating the Supply Chain in a
“Holistic” Manner

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Antonio Maglione





Turnover 2001		€ 9.2 Billions
Members *		4.600.000
Employees		42.000
Hypermarkets		46
Supermarkets		600
Superettes/Discount		600
Web Site		www.e-coop.it

*Consumer members of the Cooperative



Procter & Gamble Italy

Turn over

€ 1 Billion

Categories

Detergents, Beauty Care,
Health Care, Snack, Tissue

Some Brands



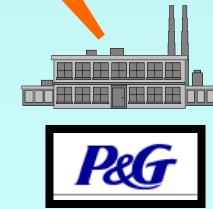
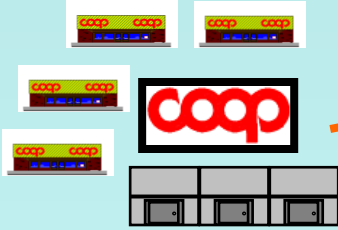
Products

more than 300



Supply Chain and Product Involved

Coop Turin DC
&
4 Supers



P&G
DCs



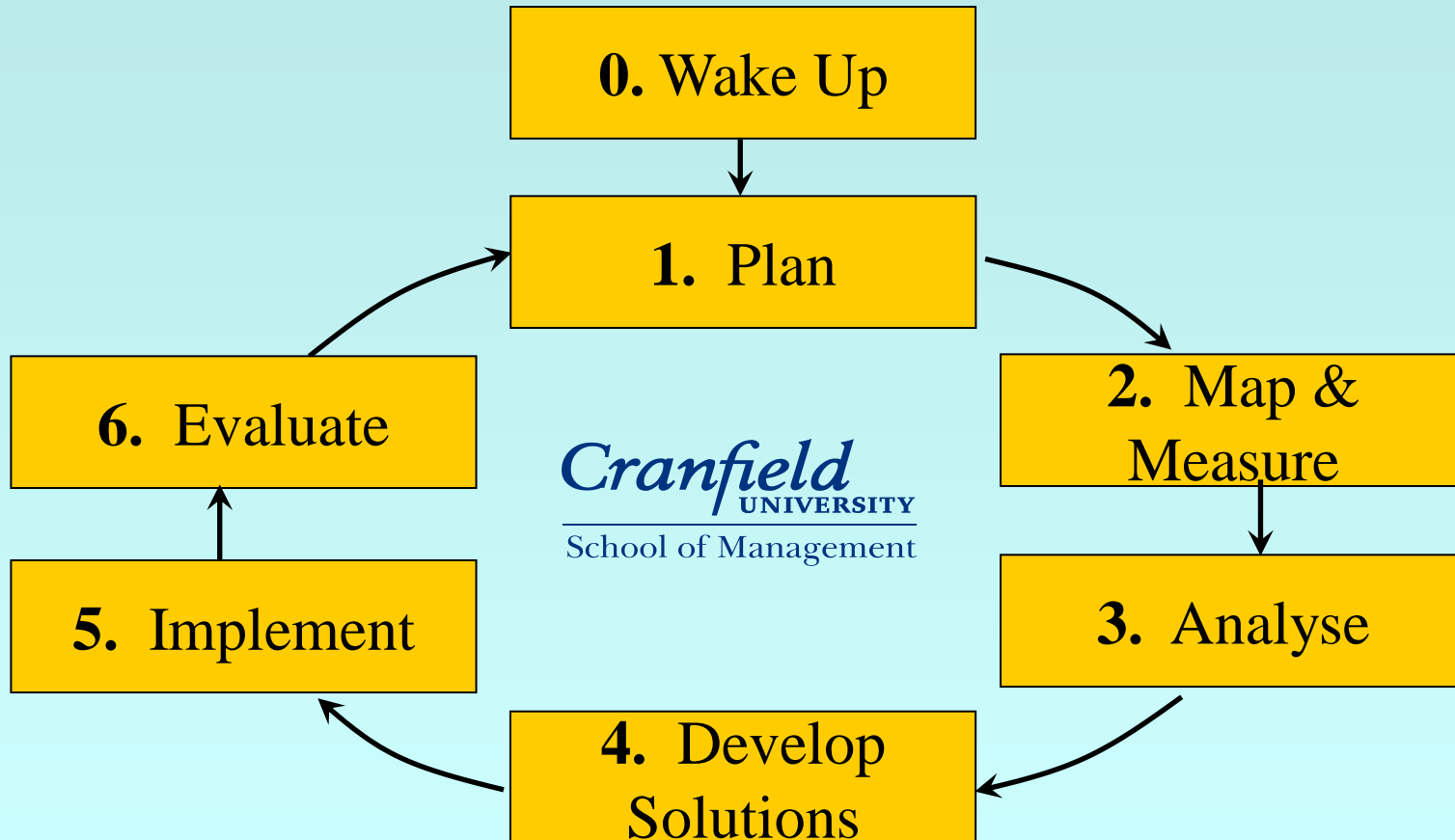
Team Objectives

A systemic approach
for the supply chain as a whole

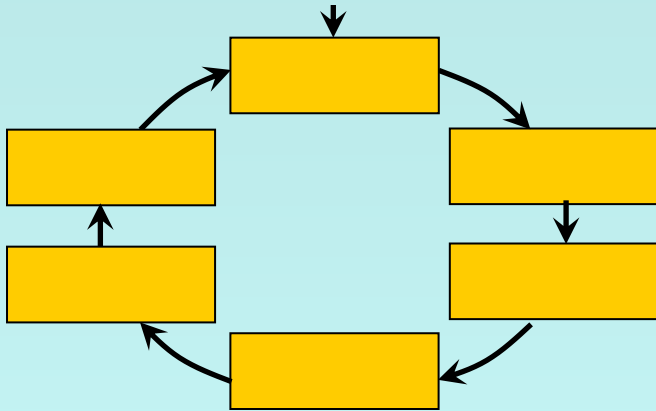
- ✓ To reduce stock loss by **30 - 50 %**
on Infasil (**now is 6.5%**)
- ✓ To increase retailer sales by **3%** on Infasil
- ✓ To increase retailer gross margin by **2 - 3%**
on Infasil



Methodology



Wake-Up



Total stock loss on Infasil = 6,5%
of total amount of sales

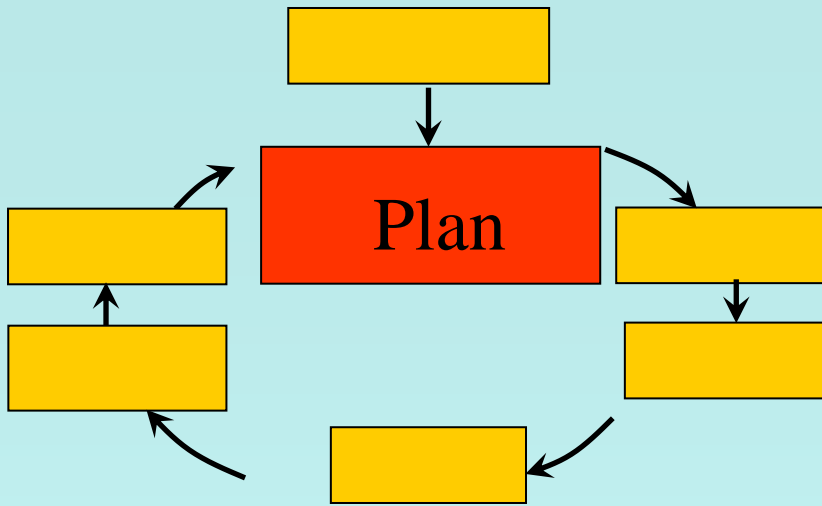
The health and beauty category
is particularly subjected to:

- ✓ Shoplifting
- ✓ Organized theft (criminality)

Total Stock Loss on Infasil = 0,08%
of Total Amount of Sales

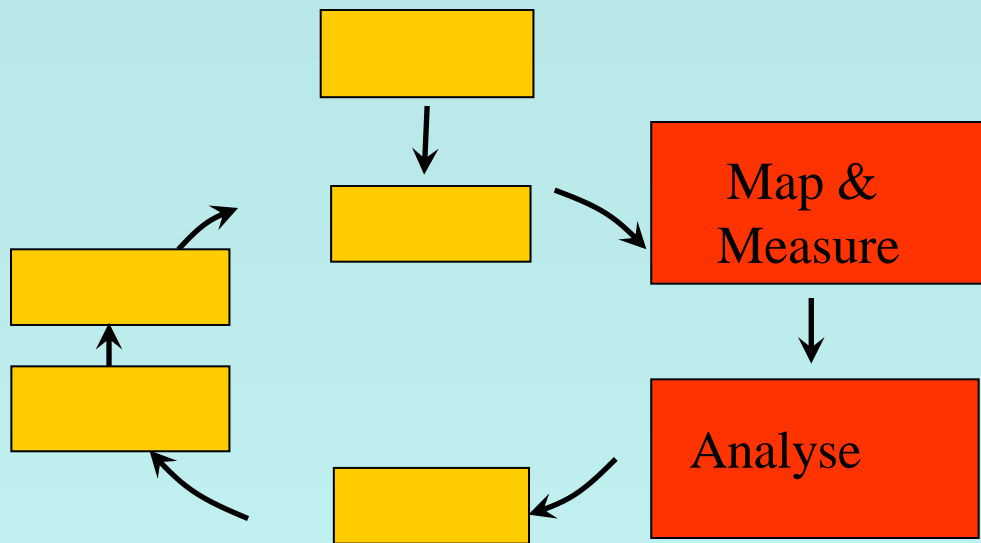
Infasil is one of the major contributor
to Stock Loss in Health and Beauty category





Activity	4				1			2	
	09/01	10/01	11/01	12/01	01/02	02/02	03/02	04/02	05/02
Proposal presentation to ECR		◆ 09/10							
Decision about the proposal		■							
Data Collection (Supply Chain Analysis)			■	■					
Pilot Kick Off									
Determining the Solution									
Developing the Pilot									
Solution Application									
Measuring Results									
Final Presentation									◆ 24/04



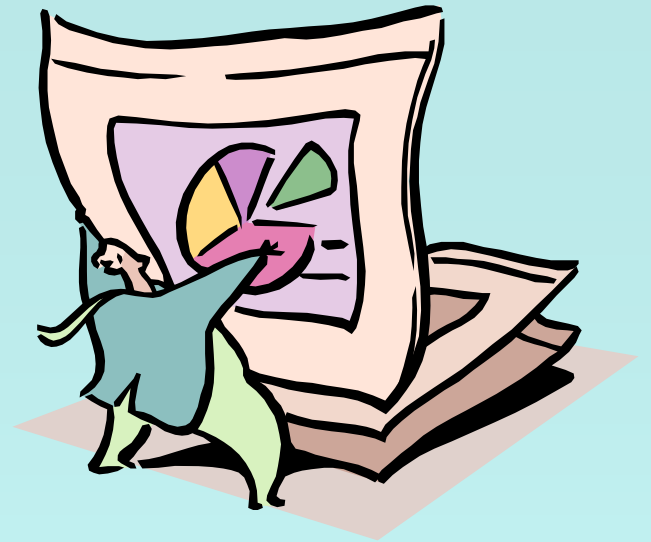
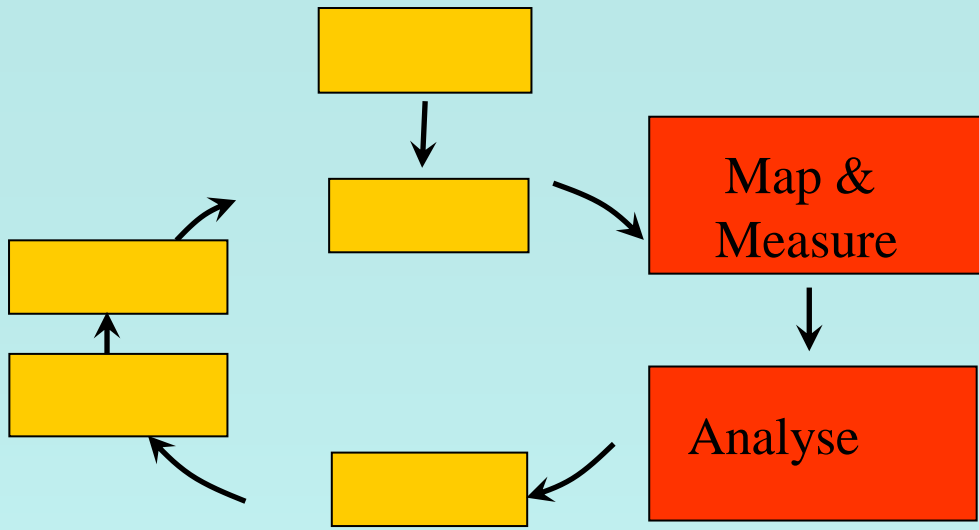


Microsoft Excel - Mapping_ECR_Novacoop_Completo.xls [Sola lettura]

Infasil case: mapping ECR - NovaCoop									
N°	ATTORE	PROCEDURA	DETTAGLIO	POSSIBILI RISCHI (POSSIBLE RISKS)	S = GRAVITA' (1 = low, 5 = high)	D = FREQUENZA (1 = once a year, 5 = once a month)	D = IMPACTABILITA' (1 = easy, 5 = none)	TOTALE RISCHIO (TOTAL)	NOTE
95	A CLIENTI	VENDITA	Picking del prodotto sullo scaffale	Cliente furto, taccheggio	4	5	5	100	
96	A CLIENTI	VENDITA	Controlli con tasto	Controlli con tasto	5	4	5	100	
97	A CLIENTI	VENDITA	Deposito del prodotto nel carrello/espositore	occultamento merce al fine di taccheggio	3	3	4	36	
98	A CLIENTI	VENDITA	Deposito del prodotto sul banco cassa	prodotto nascosto nel carrello per dimenticanza o per taccheggio	4	5	2	40	
99	A PERSONALE	VENDITA	Soavvenzionazione del prodotto	collusione tra addetto P.V. e cliente (il prodotto non viene esentato/aiutato)	5	4	4	80	
100	B		IDEM C.M.	ADDETTO P.V. correzioni batute, rettifiche, sconti, deduzioni al valore	5	5	3	75	
101	SISTEMA INFO	VENDITA	Accredito del collezionamento	zero				0	l'accredito può essere personale/familiare genera solo danni patrimoniali ma non D.I.
102	SISTEMA INFO	VENDITA	Emissione dello scontrino	Collusione addetto in cassa/ C.N.I. lo scontrino fiscale non consegnato al cliente può essere annullato e quindi dedotto dai corrispettivi con conseguente sottrazione di denaro	5	1	3	15	
103	A CLIENTI	VENDITA	Insediamento del prodotto	zero				0	
104	A CLIENTI	VENDITA	Pagamento della merce	zero				0	possibilità di truffa
105	A PERSONALE	VENDITA	Verifica delle banconote	zero				0	possibilità di truffa. N.B.: il denaro falso non è D.I.
106	A PERSONALE	VENDITA	Rispetto al pagamento	zero				0	possibilità di truffa
107	SISTEMA INFO	VENDITA	Opposizione dati "mercio in esposto" del P.IVA	zero				0	
108	A CLIENTI	VENDITA	Uscita dal P.V.	possibilità di furto uscendo da Casse non presidiate, U.S. Uscita senza acquisti, Estrane, Uscite riservate, Passaggio prodotto.	5	4	4	80	

- ✓ The Team mapped the whole process from P&G DC to Coop store shelves
- ✓ The Team measured the shrinkage level on Infasil along the supply chain
- ✓ The Team split the process in 143 steps
- ✓ Almost 30% of these steps were identified as risky ones





Supply Chain

% Stock Loss on Infasil

% Stock Loss on Infasil Deo

P&G D.C & Delivery.

0.08%

0.08%



Coop D.C.

0,15 %

0,45 %

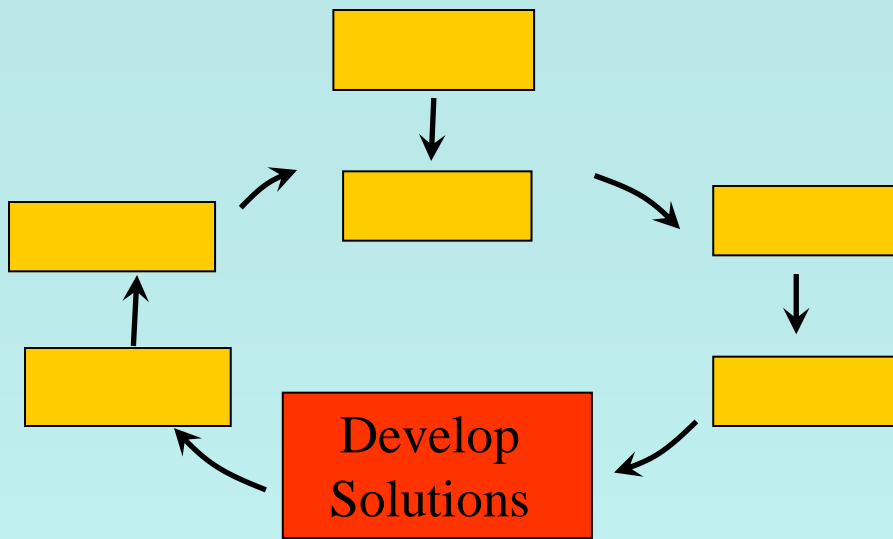


Coop Supermarkets

6,49 %

9,80 %

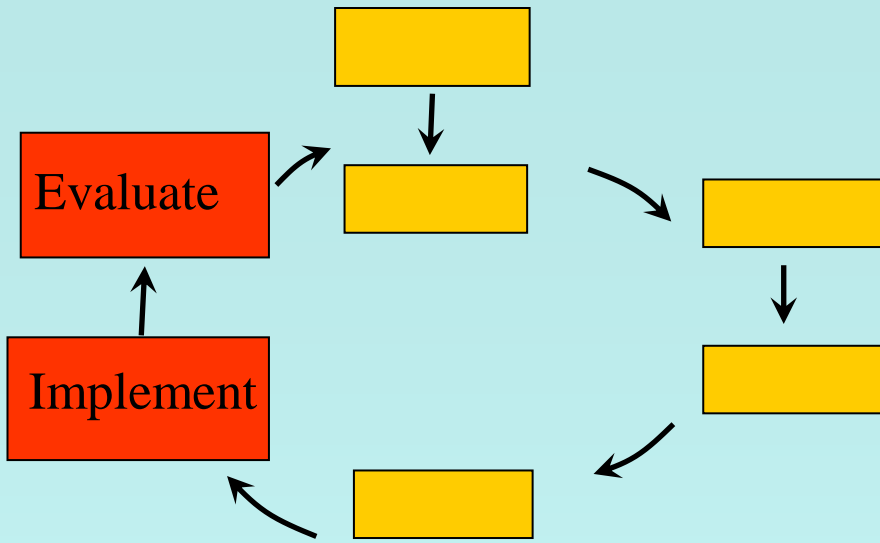




PRINCIPLES THAT GUIDED THE CHOICE OF SOLUTIONS

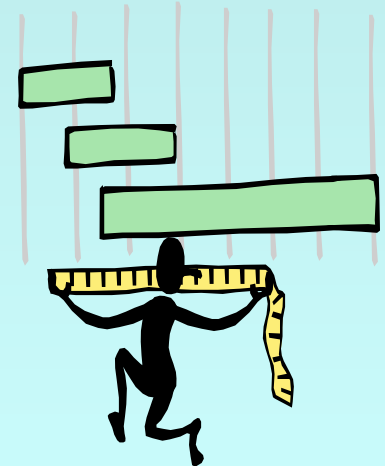
- ✓ *Focus on biggest problems*
- ✓ *Develop solutions where Coop – P&G collaboration was necessary*
- ✓ *Look for process and procedure simplification*
- ✓ *Focus on solutions that are quick to implement*

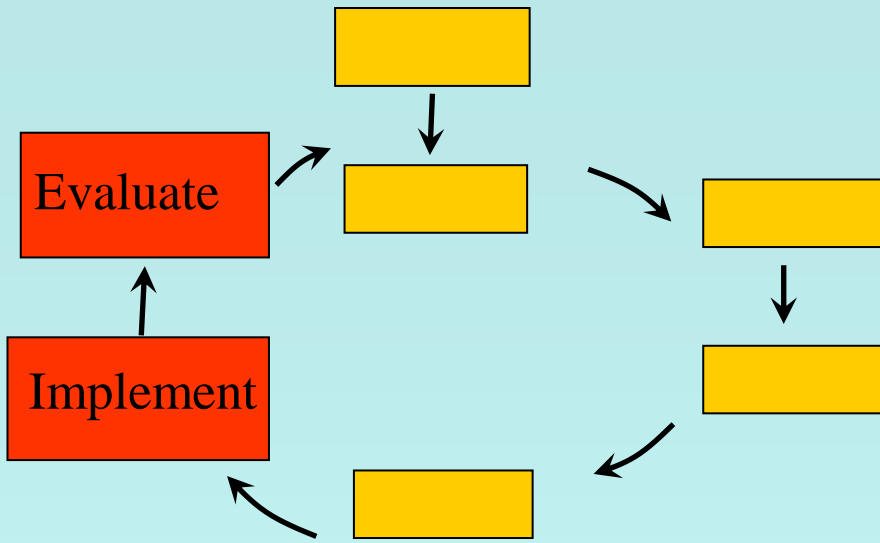




SOME DECISIONS APPLIED

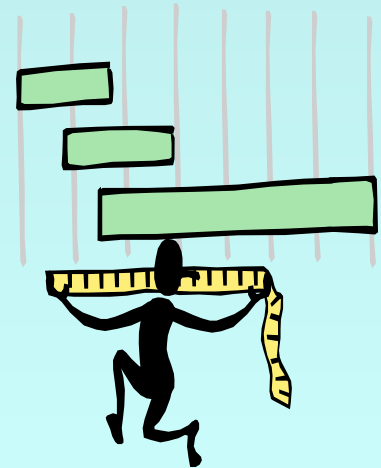
- ✓ *Change Order Picking Procedures in P&G*
- ✓ *Introduction of Sealing of trucks leaving P&G D.C.*
- ✓ *Change of Sealing Procedure of trucks in COOP D.C.*
- ✓ *Sealing random check on trucks leaving COOP D.C.*





SOME ACTIONS TO BE EVALUATED

- ✓ *Immediate investigation on losses reported by Coop*
- ✓ *Warning message labelled on Infasil Deo in two stores*
- ✓ *Tagging Test on Infasil Deo in the other two stores*



Key Success Factors

- Collaboration:
working as a team
with clear roles and objectives



- Open minded exchange visit to each other's sites and relevant operations.

- Excellent Team spirit



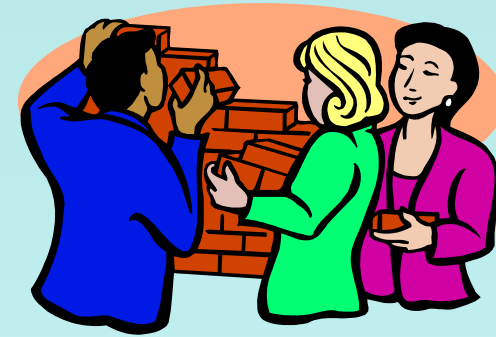
Hard Results

- **Shrinkage**
 - P&G: -30% Volume (Pcs)
 - P&G: -21% Events
 - Coop: -5% (only one week of measures!)
- **Retailer sales**
 - To be measured and deseasonalized



Soft Results

- Relationship build up



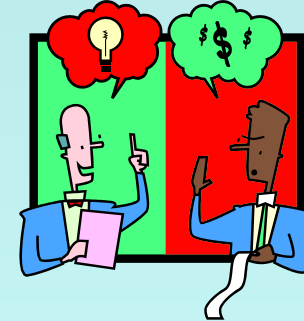
- Holistic operation understanding
 - Within each Company
 - Across the supply chain

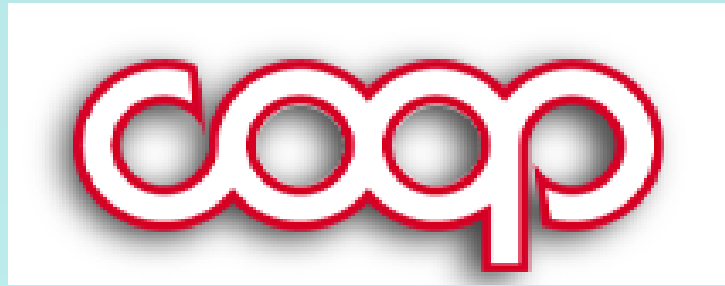
- Potential future collaboration on other projects



Next Steps

- Continuous tracking of results until the end of June
- Evaluate the cost/benefit equation
- Investigate further areas of collaboration using the risks map
- Apply roadmap to other projects





Thank you

