

# The retail Supply Chain from China to Chadstone



Historically, inventory control focused on having sufficient stock in the warehouse to meet demand. Now, there are complex supply chain management and just in time concepts to consider. The warehouse is now just one step in a long chain.

These changes demand that companies supplying to the retail industry must know everything from what is selling in a store in Chadstone to what is required to be produced in China. Capelle supplies handbags,

wallets and purses to major retail outlets using a system from Advanced Barcode Solutions Pty Ltd (ABS) to facilitate these aspects of its business.

The first link in the chain occurs when, in the case of Myer Grace Brothers, the sales data from the prior week is sent to Capelle's EDI mailbox. This details sales by product and by stores.

Markdowns are arranged, or stock is taken back, to ensure slow moving items are removed from the shelves. Forward orders for these items are cancelled. Orders for fast moving items are increased plus any trend, factored into product decisions.

Desired inventory levels are maintained by the ABS system recommended purchase orders are transmitted to Myer Grace Brothers. The concept is known as an RPO (reverse purchase order) system (that is, supplier generated purchase orders) and is also called Vendor Managed Inventory (VMI).

The order is received electronically communication is made via Capelle's mailbox set up on the ABS REDI-Net network. The order is broken down

at Capelle into stores and the picking instruction sent to the warehouse. Items are picked and scanned using Symbol Portable Data Terminals.

The ABS system is updated with picking data, indicating what products are packed into each container. An EAN SSCC (Supplier Shipping Container Code) label is produced for each carton. An SSCC is a pre-defined label based on the EAN standard format. The contents of the containers and the SSCC number are sent to the retailer via Capelle's EDI mailbox.

During receipt at the retailer distribution centre, the SSCC label is scanned and the data from each label is used to update the retailer's computer with details of product contained in the carton.

The ABS system communicates using an EDI mailbox. It can process a mix of EDI and Non-Edi orders. Leon Pendergast of Capelle said inventory control has moved from being a stock control system to being the hub of their business. Electronic sales data allows the company to react quickly to consumer trends, plus providing valuable supplier information, ensuring correct stock levels to maximise sales.

Capelle has had a 20-30% decrease in operating costs in the area of supply chain management, whilst achieving above average growth in sales and profit.

Leon added: "I see my warehouse as stretching from China to Chadstone. From what is in the production line to what is on the retailer's shelves."

Peter Morling, the CEO of ABS, noted that: "There are currently over 200 users of the ABS system".

He said that while retailers pioneered the concepts, many industry groups and government departments were reviewing them.



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