



Leadtec™

From China to Chadstone: The Retail Supply Chain

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 for it to be produced in China.

"Inventory control has moved from being simply a stock control system to being the hub of our business," says Leon Pendergast from Capelle.

"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. With modern inventory concepts the inventory manager must encompass from buyer to marketing," says Leon.

Capelle, who supply handbags, wallets and purses to major retail outlets, began using Leadtec's platform to

facilitate inventory control within the business.

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

The data is picked up by Leadtec's system; marketing reports are updated; mark downs arranged, or stock taken back; forward orders for these items are cancelled; orders for fast moving items are increased; plus any trend, towards brighter colours for instance, are noted and factored into other product decisions.

The Leadtec platform maintains the stock levels required for each of the retail stores. It is based on having sufficient stock on the retailer's shelves to cover sales for a specified number of weeks (11-14). Marketing staff members adjust the system's computer generated stock recommendation after they have reviewed the marketing reports.

Desired inventory levels can also be maintained using

Case Study: Capelle

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the Leadtec platform, and from the marketing and inventory data, and recommended purchase orders are transmitted to Myer’s. The concept is known as an RPO (Reverse Purchase Order) system (that is, supplier generated purchase orders) and is also called Vendor Managed Inventory (VIM).

The order is received electronically by Myer’s. Communication is made via Capelle’s mailbox, set up on Leadtec’s messaging network. The order is then broken down at Capelle into stores and the picking instructions sent to the warehouse. Items are picked and scanned using Symbol Portable Data Terminals.

The Leadtec platform includes a picking system program which provides Capelle with picking data (indicating what products are packed into each container). Details of the contents of the containers and the shipping numbers are sent to the retailer via Capelle’s EDI mailbox.

During receipt at the retailer distribution centre, labels are scanned and the data from each label is used to update the retailer’s computer with details of product contained in the carton. As Capelle operates its own warehousing services, the Leadtec system sends the picking slips to the contract warehouse via its messaging network.

On completion of picking, the contract warehouse system advises Capelle of the items that have been picked and shipped. The Leadtec system also generates a transaction advising the retailer of the appropriate shipping details.

With its ability to process a mix of EDI and non-EDI orders, Leon says the Leadtec platform allows the company to react quickly to consumer trends, and provides valuable supplier information, ensuring correct stock levels to maximise sales.

Since installing the Leadtec platform Capelle has had a 20 to 30 per cent decrease in operating costs in the area of supply chain management, while achieving above average growth in sales and profit.

Leadtec Managing Director Scott Needham says Leadtec’s platform can manage communications between trading partners, and allows trading partners to use different systems.

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

“Inventory control is an important part of every business, and it makes sense to use a platform that can handle all aspects of the inventory process,” he says.