



# MYER



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## STREAMLINED MYER *Its Supply Chain Delivers Results*



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# Streamlined Myer – Its supply chain delivers results

The iconic Australian retailer Myer has completed a supply chain transformation that has driven bottom-line benefits and delivered solid results.



**When Bill Wavish and Bernie Brookes took the helm at Myer, they elevated supply chain management to a core competence and made supply chain transformation one of the new cultural imperatives within the company.**

In 2006 Myer was acquired by private equity firm TPG, the Myer Family and members of the Myer Management Board. Bill Wavish, a former Chief Financial Director and Director of Supermarkets at Woolworths, was appointed Executive Chairman and he was joined by Bernie Brookes, formerly Woolworths Marketing Director, as Myer Chief Executive.

With their eCommerce experience at the retailer, both men had a strong understanding of the importance of the GS1 System in building an efficient supply chain. They appointed Prakash Menon, one of the directors of the Myer board, as Supply Chain Director and began a transformation of the Myer supply chain.

Their vision was an efficient end-to-end supply chain with five key drivers – service, safety, speed, flexibility and cost. Before they could implement a new supply chain they had to simplify, streamline and consolidate the 24 off-site warehouses and deal with an excess of inventory that had built up over the years. They cleared \$400 million worth of stock in a 'History Making Clearance' and replaced the warehouses with four regional distribution centres in four major Australian cities and four key hubs in Asia.

Within two years Myer had reduced distribution centre costs by 50%, reduced international freight costs by 22% and domestic freight costs by 11%.



A key goal was the transition of supply chain eCommerce from Coles-Myer to an in-house team and this was achieved within one year, ahead of time and budget. "Electronic Data Interchange (EDI) is the cornerstone of how we run our supply chain," said Darragh Miller, Myer's National Manager Supply Chain. "Myer was a pioneer in this area. Right from the early days of EDI in Australia, Myer and GS1 Australia had a strong partnership. Now our new leadership has elevated eCommerce and the use of GS1 standards to a high level of importance and is taking Myer back to be leading edge in this space."

Their in-house eCommerce system is completely integrated with the business, working with 1200 suppliers across 12 different business sectors and dealing with more than 500,000 SKUs (stock-keeping units).

Another key cultural imperative at Myer is fanatical simplicity. The focus here is to firstly get the process right and then harness technology to deliver incremental improvements.

Myer has focused on achieving 100% eCommerce compliance with suppliers and has done this in partnership with suppliers rather than issuing a mandate. The work done with furniture suppliers is an example of the journey Myer has embarked on with suppliers. "The furniture sector has many smaller businesses operating within it. We explained the benefits of EDI and bar coding at all levels. We wanted relationships with our suppliers that allowed visibility and the sharing of information so we could work together. With GS1 Australia we trained and educated our suppliers in EDI standards and in bar coding at all levels to achieve compliance," Miller said.

This strategy delivered a 99.98% eCommerce compliance with suppliers and a 40% reduction in shipment errors.

At the same time Myer partnered with GS1 Australia to train their staff in supply chain best practice. "We had 20 or 30 key buying personnel come into the GS1 Australia Supply Chain Knowledge Centre to see a supply chain in action and to learn about global best practice," Miller said. "They have to work closely with our stores to ensure speed and efficiency in getting products into stores and so need to understand supply chain standards – this is critical in giving us competitive advantage."

GS1 Australia worked with Myer on bar code reviews to ensure that barcode quality and standards were being maintained. This process guarantees the smooth flow of product through the supply chain without disruption to the customer experience or added cost to the supply chain.

**In redeveloping their supply chain Myer also reached out to three key GS1 Australia Alliance Partners to ensure they were prepared for the future:**

- **Paxar** who design and manufacture tickets, tags and labels, and provide the technology for retail product identification
- **Leadtec** who specialise in EDI messaging, catalogue synchronisation and scan packing/logistics
- **Supply-LINQ** which provides floor-ready merchandise and scan packing

In Asia, Myer partnered with Cargo Services who manage all inbound goods from the Asian region. Stock comes packed and store-ready, from any of the four Asian hubs that Cargo Services manages. Together Myer and Cargo Services have managed to reduce lead times to the Myer distribution centres by approximately 50 per cent, enabling a higher rate of stock turns throughout the chain.

Now Myer has the eCommerce platform and systems in place, it is working on a range of initiatives to continue to improve supply chain efficiency with a special focus on compliance checking at carton and item level. "When we find that a supplier has issues we work with GS1 Australia to help the supplier – after all they are members of GS1 Australia too," Miller said.

Data quality is another key focus. Myer has built a new data warehouse with a browser-based front end to be able to assess suppliers' ASN compliance and delivery performance. This enhanced reporting will allow Myer's supply chain team to engage with suppliers to give them benchmarking with real-time data and will allow suppliers to dynamically benchmark their own performance and make adjustments where necessary.

"This type of dynamic information sharing or collaboration will enhance the relationship between Myer and our suppliers to our mutual benefit. If we can measure it we can manage it (another cultural imperative), ensuring a smooth flow of merchandise," Miller said.

Looking to the future, Myer has several projects planned, are looking at using a range of new technologies including RFID and have started exploring options to replace the existing Warehouse Management system. "Supply Chain in any organisation is about making money for the company by bringing in efficiencies. We have to keep improving the way we do things so our supply chain transformation is ongoing," Miller said.