

## HOW TO BECOME A SUCCESSFUL SUPERMARKET, INSIGHT INTO BRITISH BEST PRACTICE

The training course *Supermarkets and Distribution Centres in the UK. Storage, Supply Chains and Food Categories Management* concluded on March 2, 2017 in London. Information support for our event was provided by our Russian partner – **LOGIST.RU**.

The content of the programme was developed to meet the demands and requests of our participants, amongst whom were senior managers of the **supermarket chain Perekriostok (X5 Retail Group)** and **supermarket chain Maxi**, senior consultants of **Ernst & Young Valuation and Advisory Services**, and senior managers from the investment group **Retail Investment Astana**. The training format proved to be effective, combining very informative presentations with multiple arranged visits, including practical sessions and discussions, at the largest distribution centres and supermarkets of the UK.



The seminar started with an introduction into specifics of food retail in the UK. **Richard Jones**, analyst, presented this topic. His vast experience in distribution and supply chains include holding senior positions in food distribution at **Unilever** and director of distribution logistics with **Ford**. Mr Jones presented a comparative analysis of the profitability of supermarkets from different categories (premium class, the **BIG FOUR** to discounters), and talked about finding new channels in sales, effective ways to satisfy increasing consumer demands, and the main retail trends in the British retail market. From the very first day, we gave maximum information to our participants and in practice showed them the effective tools supermarkets use to enhance their positions in a competitive environment. Our retail tour took our participants to the supermarkets **Morrisons, Tesco Extra, Lidl** and a premium class supermarket **Waitrose** at Canary Wharf to examine the management and organisational principles of these supermarkets. Participants were taught about a variety of topics and skills, including: management of retail space, increasing assortment, packaging and shelving, customer loyalty programmes, fresh produce, working with distribution centres, goods receipt, backrooms, storage etc.

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Customer Service manager of **Waitrose** at Canary Wharf supermarket **Michael Buckingham** arranged a special tour of one of the largest supermarkets of the chain in terms of turnover, showing us the backrooms and discussing the storage standards of fresh produce. Mr Buckingham



particularly focussed on optimising the assortment matrix and product mix, Waitrose own label goods, shelving standards, as well as loyalty programmes and innovative ways to attract new customers. We finished the first day by visiting a **Waitrose distribution centre**. This distribution centre is one of the four main Waitrose distribution centres in the UK with a total area of 43 acres (174 thousand square meters), serving 180 supermarkets. Operations Director **Garry Holyome** and



his colleague **Andrew Lambert**, the Processes Continuous Improvements manager, gave very detailed presentations and answered participants' questions regarding Waitrose distribution centres and their management, main elements of KNPS programmes (distribution centre constant improvement programmes), standard operating procedures (SOP), effective ways to minimise logistics costs, chilled and frozen goods transportation and other distribution centre operational aspects. Following the presentations, we visited warehouses that store a variety of different goods, from fresh produce to produce stored and chilled, frozen and ambient temperatures.



The second day of our programme was also very intensive. Our curator for the second day was **Clare Powell**, who has 10 years of experience working for **SAINSBURY'S**. Working as Business Development Manager for Fresh Produce, Clare was responsible for the whole spectrum of operations and was the main link between the head office and supermarkets. More than 700 managers were reporting to her directly. Mrs Powell gave us a unique opportunity to visit a **production and distribution centre of Procter&Gamble, which has been in operation since 1940**. Today, 350 full-time employees and 800 contractors work there. The visit to this facility started with a presentation by **Mr Ionis Kasotaxis** who told the delegates how the centre is organised and about the supplies arrangement to the whole of the UK. He explained in detail about automation systems



for the warehouse, product lines, and work shifts arrangements, and gave answers to the participants' numerous questions.

The presentation was followed by a tour of the distribution centre in order to demonstrate how it all works in practice.

The second half of the day was equally active, as we were pleased to meet senior managers from two of the largest supermarkets in the UK: **ASDA and Sainsbury's**. The visit included questions relating to the running of these supermarkets. Each visit was productive for the group, as we were accompanied by store managers and their deputies. We were given the opportunity to look at the back rooms of supermarkets, see how goods and products are unloaded, sorted and distributed onto the shelves, and how the assortment of goods and products are analysed. The experience also taught us about further practical topics, such as how promotions are implemented, which systems



are used to monitor the current situation in the supermarket, how there is interaction with the DC, how online channels are used, etc.

The final day of the program brought a lot of new useful information, allowing a different look at the non-standard WMS models at the **Amazon Distribution Centre**.



The participants of the program were very surprised by the system of placing goods in the warehouse. At first glance, the chaotic order of distribution of goods on the shelves actually turned out to be a well-established and low-cost identification system, leading to an unmistakable selection of goods on the shelves. Our tour leader **Elizabeth** and her colleagues demonstrated in detail all the business processes taking place in the warehouse: from receiving an online application to controlling the execution, packaging and shipment of parcels to the customer.

The last visit on the third day was a visit to the modern regional distribution centre of the Tesco chain. We are very grateful to the Director of the distribution centre **Jason Watts**, who was pleased



to conduct a detailed tour of the warehouse, showing us which innovations were introduced in the last few years, and how this affected the performance of the warehouse. The final dinner at the Carlton Club, the private club of the ruling Conservative Party, allowed our delegates to take a break from active work and plunge into the atmosphere of the political life of the UK.

We are very pleased that our seminar received very positive feedback from our participants. Here are some of the responses that we received on the results of our past program:

*"A very good, intensive and useful seminar for practice. The program is rich and versatile, the lecturers are experienced and open for discussion. From our visits to supermarkets, I especially liked WAITROSE and the speaker Michael: it is a large store with a high turnover and a complex assortment, with a strong and experienced director. I was also impressed by the tour of the supermarket SAINSBURY'S (particularly details of the business processes in the storeroom and online channel). I was pleased that during the visits to the DC we were shown all the business processes down to every detail. Many thanks to the organizers! The time and expenses for the trip well worth it! ", - Denis Shulga, Director of Supply Chain, Perekrestok Supermarkets Chain*

*"The content of the program is excellent! All visits and talks were very useful to us. During the retail tour they gave an idea about the UK market and network features. Richard is a great speaker! I liked the visit to WAITROSE, and gained many new ideas. The visit to DC Procter & Gamble was useful, but not the most applicable to food retail. A lot of useful information was received from the director of the supermarket SAINSBURY'S - a very prepared speaker. A visit to Asda supermarket showed that not all shops in England are better than Russian ones. In the TESCO DC we were taught by another*

*great, who knew all the numbers and useful information we were looking for. Amazon is a super-warehouse, like the excursion itself! ", - **Alexander Starostin, Senior Consultant, Ernst & Young Valuation and Advisory Services LLC***

*"Excellent program, which expands horizons. Everything was very interesting. The organization of the course and the quality of the speakers were at the highest level. In the framework of future programs, we would also like to visit the head offices, since "all the stuff" of the processes are there, and all technologies are created there. Such a tour would as equally interesting as this was !", - **Anna Veselova, Head of Business Processes and Analytics, Maxi Company.***

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