

7 December 2011

Dear Supplier

Ambient pallet height standardisation

The Foodstuffs' companies wish to advise our supplier base of the now confirmed implementation of a 'maximum ambient pallet height requirement' for all ambient products delivered into distribution centres and retail stores.

Background

Over the past 14 months we have been evaluating the opportunity to introduce a maximum ambient pallet height to gain further benefits in the area of transport and DC storage volumetrics for all ambient product supply.

We have consulted with the FGC and our many suppliers and do acknowledge that this change will require some further consultation with a small number of suppliers. The revised policy listed below will help to clarify the one SKU, one pallet rule.

Foodstuffs Supplier Guidelines and Policy

- Each product is to be placed on a separate pallet and will be reliant on Foodstuffs Distribution Centres ordering (DC requirement only)
- Due to the strict importance of being able to successfully manage accurate shelf life, product recalls and stock rotation, only one use by date or batch no. can be allowed per pallet (DC requirement only)
- All pallets are to be presented wrapped and in good condition
- Single SKU ambient pallets are to be a maximum height of 1.4m (including pallet)
- Single SKU chilled and frozen a maximum height of 1.2m (present policy)
- All pallets shall not exceed 1 tonne in weight (inclusive of pallet)
- Product must be within the confines of the pallet, no overhang at all is permitted
- Individual cartons must not exceed 20kg

Timeline

The proposed time line for the introduction of the maximum ambient pallet height will proceed as follows:

- Application to new SKUs – 1st April 2012
- Grandfather existing SKUs – deadline 1st July 2012 or prior

Key benefits

The key benefits in setting these maximum ambient pallet heights are:

- Increase racking utilisation (supplier, 3PL and FS DCs)
- Increase in transport utilisation (cube)

- Improve health and safety due to reduced picking heights
- Delete requirement for pallet topping
- Decrease in stock damage
- Possible increase in full pallets sales to retail

We do acknowledge that this change could create some negative impact, i.e. increase in pallet use and in the number of pallets handled, but would largely be offset in the benefits listed above.

David Couper, GM DC Operations Foodstuffs Wellington, will lead this project on behalf of the Foodstuffs Companies and will be the key single point of contact with our supplier liaison. Contact: david.couper@foodstuffs-wgtn.co.nz Phone: 06 351 1610, 029 527 2564.



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