

# **WHOLESALE PROCUREMENT & OPERATIONS DIVISION**

## **SUPPLIER GUIDELINES**

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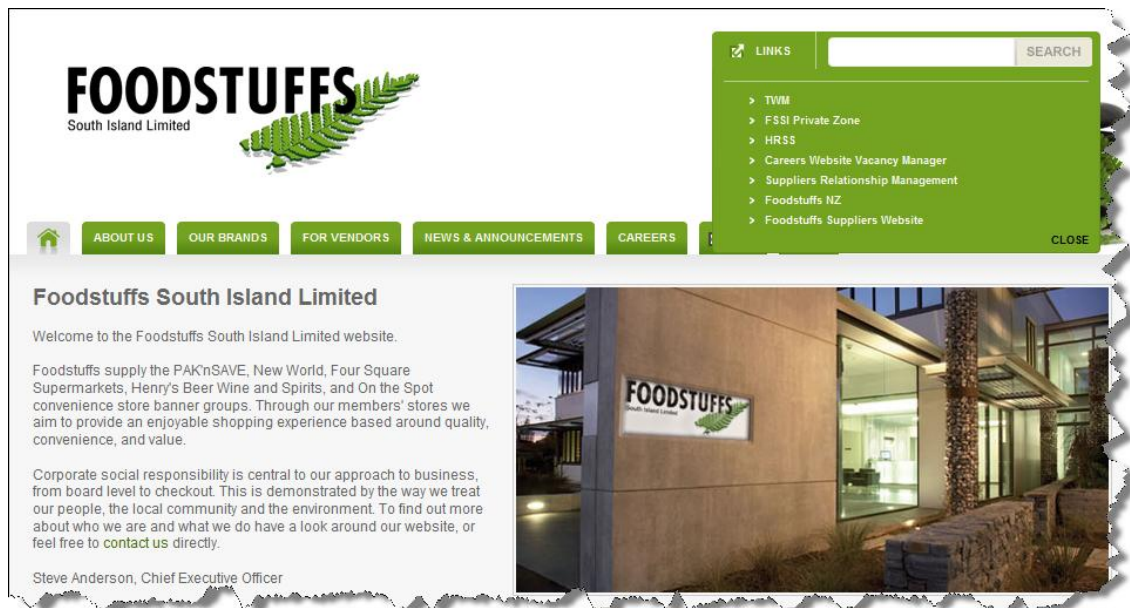
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## Introduction

The purpose of this document is to provide our suppliers with clear guidelines around the expectations of the processing and delivery of goods into our distribution centres (Papanui, Hornby & Dunedin).

Foodstuffs South Island (FSSI) has created a specific business website that includes a great deal of information that can be valuable to suppliers when dealing with the various parts of the FSSI organisation. We would encourage suppliers to become familiar with the site [www.foodstuffs-si.co.nz](http://www.foodstuffs-si.co.nz)



Suppliers should also visit the Foodstuffs national website that provides information in relation to the management of price changes and trading terms among a number other trading aspects [www.foodstuffs.co.nz](http://www.foodstuffs.co.nz)



## **Store ordering on the Distribution Centre (DC)**

### **Method & responsibility**

Retail stores operating on SAP use that system to generate their replenishment orders from the DC's. Stores/customers not on SAP generate orders either using the PDE method (scan and send) or by utilising the sales desk or Trent's website.

Responsibility for compiling orders rests with the store staff, but the vendors Territory Manager or Rep/Merchandiser may also be involved in this process one or more times a week.

Territory Managers should work closely with store department staff so that they are kept informed of any process developments as well as the upcoming promotional lines, new products and range deletions. FSSI does formally advise forthcoming promotions by way of advertising schedules through the group promotion managers.

### **Timings & frequency**

Orders must be transmitted by the agreed store order schedule time.

## **DC SAP replenishment orders**

FSSI and authorised vendors may choose to enter into agreements for a VMI (Vendor Managed Inventory) process. Vendors are encouraged to work with the FSSI buyer for order generation, assessing likely demand and compiling replenishment orders, but the ultimate decision will lie with the FSSI buyer outside VMI.

### **Preparation**

An order is generated from the purchase order module of the FSSI SAP Replenishment system.

Separate orders can be created for the same vendor where stock may be sourced from multiple locations.

Each order will quote a FSSI purchase order number. The ordering unit of measure will generally be cartons

Product will be ordered in the most economical measure to optimise both trading terms and operational handling efficiencies, as well as considering expected day's stock cover. It is expected most products will be ordered by the layer and full pallet.

### **Transmission**

The order will be transmitted from the purchase order system in the form through the **Foodstuffs eXchange**. The timing of these orders shall be by arrangement between FSSI and the vendor. Where a schedule is in place for orders that are not received by the due time, the vendor should make contact with the FSSI buyer. For EDI orders there is a control response in place for confirmation of the information.

### **Back up procedures**

In the event of a transmission failure by EDI, the alternatives are to email or telephone through the order.

## Vendor order picking & despatch

### Timing

The purchase orders are picked by the vendor and despatched in order to meet the agreed scheduled delivery day/time.

### Documentation requirements

The consignment is to be accompanied by a packing slip that must quote the FSSI purchase order number.

**An advanced shipping notice (ASN) is to be sent prior to all purchase orders being received into DC's**

The invoice quoting the FSSI order number is to be forwarded to;

**Foodstuffs South Island Limited.  
Private Bag 4705  
Christchurch.  
Attn: Accounts Payable Department.**

### Pallet configurations

Each product is to be placed on a separate pallet. If there are two or more dates for the same SKU then they must also be separated on their own pallet.

All pallets are to be presented wrapped and in good condition.

Single SKU ambient pallets are to be a maximum of 1.4m (including pallet), chilled and frozen a maximum height of 1.2m. Single SKU pallets are to be a maximum height of 1.20m (including the pallet) and shall not exceed one tonne in weight.

Product must be within the confines of the pallet, no overhang at all is permitted.

Individual cartons must not exceed 20kg.

### Labelling

No special requirements for pallets, but we are working toward the introduction of SSCC pallet labels.

Cartons are to be coded with GS1 128 barcode for articles with less than 90 day life giving product number and best by date. Refer to GS1 guidelines for barcoding.

### Product dates

Date sensitive product should arrive into the Hornby DC with a minimum of 80% of shelf life. There may be exceptions to this that will be by arrangement/agreement with our buyer.

### Dangerous/hazardous goods

All vendors must comply with all regulations as laid down by the LTSA with regard to the transport and delivery of the product to Foodstuffs South Island Limited distribution centres and retail outlets.

## Receipting into the DC

### Timings & bookings

Deliveries can be made 5 days per week Monday to Friday and scheduled booking slots will be confirmed. Weekend deliveries can be available by special arrangements.

If the transport company anticipates a late arrival then the vehicle driver is required to contact the inwards good office, to advise them of the delay and anticipated new arrival time.

- **Papanui Ambient Inward Goods Office** (03) 353 8631
- **Hornby Ambient Inward Goods Office** (03) 372 2951
- **Hornby Chilled & Frozen Inward Goods Office** (03) 372 2939
- **Dunedin Ambient Inward Goods Office** (03) 466 4135

The booking slot covers only 1 truck. Therefore if the order is being carried on more than 1 vehicle then it will be necessary to advise the DC the previous afternoon.

### Unloading

Expected unloading time is 30 minutes per vehicle. The consignment note will be signed only for the number of pallets received and will be signed STC (subject to check).

### Pallet management

All Chep pallets received by the DC are managed on a transfer system. Foodstuffs transfer the Chep pallets onto their account from a vendor or carrier's account daily via an electronic batch to Chep.

### Damages & discrepancies

The DC receiving staff are responsible for checking the pallets on arrival. Any damages or omissions are to be noted where possible, on the driver's copy of the consignment note and clearly signed by both parties. FSSI will advise the vendor with relevant details of the product damage or count discrepancy within a 24-hour period.

The vendor should provide contact details to the Inward Goods Supervisor and buyer for delivery discrepancy advice.

### Receipting dated product

Product is scanned into the warehouse under the Warehouse Management System. The GS1 128 barcodes will allow for the management of dated product.

Warehouse exception reports will provide information to the buyer and warehouse team on product dates.

## Demand management & promotions

### Promotional Calendar

Promotional submissions shall be done in line with the banner group procedures.

Reconfirmation of promotions by FSSI promotion manager shall include the timing, promotion type and deal. For promotions where an abnormally high lift in sales volume can be expected as a result of a low RSP (retail selling price) should be clearly communicated to both the vendor and the buyer.

The vendor and FSSI should jointly agree on estimated volume lifts to assist with timely ordering into the DC.

### Co-management

Vendor's Account Managers should meet regularly with Banner Group Promotional Managers to review future market activity and promotional lifts.

### Promotions

Refer to the Banner Group Promotion Managers for details.

### Promotion stocks

Should be time managed to allow for store draw-off in the latter part of the week prior to the arranged promotion (buy-in week).

### Instore promotions

Where a vendor's representative is to arrange special deals involving volumes at store level, the FSSI buyer must be advised prior with estimates to ensure stock will be available unless a VMI arrangement is operating.

### Channel of supply

FSSI believes a single channel of distribution to members and customers provides the greatest efficiencies and effectiveness when an article is listed for DC ranging. For this reason distribution should be via the DC. There could be some exceptions to this rule that would be mutually negotiated and agreed for varying reasons.

All temperature controlled products (chilled & frozen) listed for DC ranging shall only be supplied through the Hornby DC. **No vendor or distributor is to supply a DC ranged article to a FSSI member/customer outside this channel.** The only exception to this rule is the authority given by the Wholesale Merchandise Manager for special circumstance.

## Retail support

### Merchandising

FSSI retail banner groups will not expect to see any reduction in current support to the stores as a consequence of DC supply. The delivery of stock to stores will have strict schedules that will allow the call-cycle for vendor's merchandisers to be arranged. Delivery schedules can be made available on request through our Distribution Centre Manager or Buyer.



#### New World

We New Zealanders are a different bunch. We like to try new things - push the boundaries. We like to create, not copy. But we like to have fun while we're at it. It's an attitude thing really.



#### PAK'nSAVE

At PAK'nSAVE our policy is to provide New Zealand's Lowest Food Prices, so we never stop looking for ways we can keep costs down in order to pass those savings on to you. PAK'nSAVE follows a Food Warehouse format unique to New Zealand supermarkets.



#### Four Square

The household name Four Square emerged in the 1920s out of the Foodstuffs grocery buying co-operative. Foodstuffs' founder, Mr J Heaton Barker, became concerned at the activities of the grocery chain stores of the day...



#### Henry's

Visit Henry's and you'll find everything you need to know about enjoying and appreciating our extensive range of Beer, Wine and Spirits at competitive prices.

## **Ullage & DPA (Damaged product allowance)**

### **Ullage discount from the vendor**

FSSI does accept discount allowances provided by suppliers off the invoice for DC purchase orders to negate incidental and costly credit claims. The allowances are negotiated at a national level and can vary in discount percentage depending on the category and supplier.

Ullage for direct to store delivery is to be negotiated directly with the owner operator.

### **DPA criteria**

FSSI will provide the members/customers with DPA at the bottom of each warehouse invoice for most products.

DPA is intended to cover the following incidentals;

- All damaged product, or those with minor manufacturing faults affecting less than one carton, or bulk equivalent lot.

DPA is not expected to cover the following incidents;

- Incorrectly priced or short or over supplied goods for which claims for credits/charge should continue to be made in the normal manor.

Any banner group member who believes their goods have been damaged in transit because of faulty equipment and/or incorrect handling procedures would be requested to direct this information to the attention of the Distribution Centre Manager.

Where vendors have not provided Ullage to FSSI, the member has the right to claim for any credit directly against the vendor.

## Product recalls

### Procedures

In the event of a product needing to be recalled from the market the vendor will follow the procedures as can be found on the FSSI website [www.foodstuffs-si.co.nz](http://www.foodstuffs-si.co.nz)

**FOODSTUFFS**  
South Island Limited

LINKS SEARCH

ABOUT US OUR BRANDS FOR VENDORS NEWS & ANNOUNCEMENTS CAREERS SRM STAFF

YOU ARE HERE: HOME | FOR VENDORS | TRADING WITH FOODSTUFFS | PRODUCT RECALL

**FOR VENDORS**

- Trading With Foodstuffs
  - The Vendor Account
  - Charge Through Facility
  - Payment Terms
  - Terms of Trade
  - Pricing
  - Invoicing
  - Claims Resolution
  - Ranging
  - B2B eCommerce
  - Space Management
  - Product Recall
  - Business Review
- National Policy
- Wholesale Operations
- Wholesale Procurement
- Retail Banner Information
- Wholesale Banner Information
- Forms and Downloads

### Product Recall Procedure

We wish to remind you that our group members and Foodstuffs South Island Limited have an obligation to comply with the New Zealand Food Amendment Act 1996, the Food Standards Code Australia New Zealand, and the New Zealand Health and Safety in Employment Act 1992. In order to do so we have to be assured that product(s) supplied either direct to our members, or via our warehouses comply with this legislation.

In the event of a food and health safety issue resulting in either a public product recall or trade product recall, we request that the following communication lines to Foodstuffs South Island Limited be followed:

Order Of Contact	Title and Position	Day Time Contact (8am - 5pm)	After Hours Contact
1	Alona Clark Food Safety Manager	(03) 353 8700	021 713 380
2	Jocelyn Thornley Food Safety Advisor	(03) 353 8700	021 957 537
3	Annie Hay Retail Merchandise Manager - Fresh Foods, Liquor, GM	(03) 353 8700	021 320 617
4	Dave Pawson Wholesale Merchandise Manager	(03) 353 8700	021 906 204
5	Tim Donaldson Retail Brands Manager	(03) 353 8700	021 713 299
6	Alan Malcolmson General Manager - Retail Operations	(03) 353 8700	021 713 261
7	John Mullins General Manager - Wholesale Operations and Procurement	(03) 353 8700	021 838 378

Contact by telephone must be made with one of the above listed Foodstuffs South Island Limited employees in the order specified, followed by written confirmation of the product recall.

Information required in the event of a product recall is as follows:

### Credit requirements

Where ambient product has been recalled it will generally be brought back to the appropriate DC and the buyer will liaise with the vendor to arrange the credit and pick up. Alternatively arrangements could be made to manage directly with the affected stores.

It is not intended that any temperature controlled or fresh product will be brought back to the Hornby DC as a result of a product recall. Therefore a process will need to be implemented where the Hornby DC can pass a credit to the store and in turn the vendor will credit the Hornby DC. Stock in the stores will be the responsibility of the vendor to collect, or sight and dispose.

## **Performance measures**

### **Inbound service levels to the DC**

Should be monitored by the vendor and reports for variances provided to the buyer.

FSSI has developed a reporting system to monitor the vendor's performance into wholesale operations.

### **Outbound service levels from the DC**

Measured weekly by FSSI reporting system.

### **Product performance exception reports**

Product is monitored regularly to ensure it meets volume expectations and distribution.

Product reports on stock and sales performance is available to a vendor on request and under the VMI program.

## New product introductions & deletions

### Introductions

Refer to the FSSI website for details [www.foodstuffs-si.co.nz](http://www.foodstuffs-si.co.nz)

The FSSI buyer is to be made aware of all new product intended for DC ranging to ensure the logistical end of introduction is managed in such as way as not to cause delay or error.



The screenshot displays the Foodstuffs South Island Limited website. The header includes the logo and a search bar. The navigation menu features links for Home, About Us, Our Brands, For Vendors, News & Announcements, Careers, SRM, and Staff. The breadcrumb trail indicates the current location: Home > For Vendors > Trading With Foodstuffs > Ranging.

**FOR VENDORS**

- Trading With Foodstuffs
  - The Vendor Account
  - Charge Through Facility
  - Payment Terms
  - Terms of Trade
  - Pricing
  - Invoicing
  - Claims Resolution
  - Ranging
  - B2B eCommerce
  - Space Management
  - Product Recall
  - Business Review
- National Policy
- Wholesale Operations
- Wholesale Procurement
- Retail Banner Information
- Wholesale Banner Information
- Forms and Downloads

**Ranging**



**Host Support**

Host Support is the term given to ranging of a product within the Foodstuffs South Island Limited banner groups for vendors direct to store delivery. If host supported, Foodstuffs South Island Limited will maintain the necessary databases to ensure correct scanning information is held by each store. No freight-applied charges will be accepted for any product accepted for host support.

**Central Distribution**

Foodstuffs South Island Limited reserves the right to select those vendors whose products will be centrally warehoused. This selection process reflects Foodstuffs South Island Limited intent to supply product to consumers in the most cost effective manner with consideration of the vendors trading terms, as well as the marketing contribution behind the products to be listed.

For details on specific banner group ranging processes please use the following links:

**Related Links**

- New World Ranging Process
- PAK'nSAVE Ranging Process
- Four Square Ranging Process
- Henry's Ranging Process

**OUR BRANDS**



Find out more >

**DID YOU KNOW**



All our Fresh Meat is "100% NZ" at New World

### Deletions

The vendor shall notify the FSSI Buyer of any product line that is to be deleted.

Product identified as not meeting certain performance criteria will be deleted from the warehouse range. The vendor will be advised of this in writing along with the amount of remaining stock on hand that will need to be cleared from the DC. One month will be given from the date of the letter to action this request. Failure to respond to the request will result in a Pro forma credit claim being raised against the vendor for the remaining stock.

## **Management of short dated lines**

### **Monitoring**

The Buyer will receive daily Pre-expiry exception reports for stock that is coming due to expire past its "use-by" date.

The vendor will be pro actively notified of all dated inventory in order to take necessary action as appropriate to sell stock through to retail before expiry dates apply.

### **Sell down**

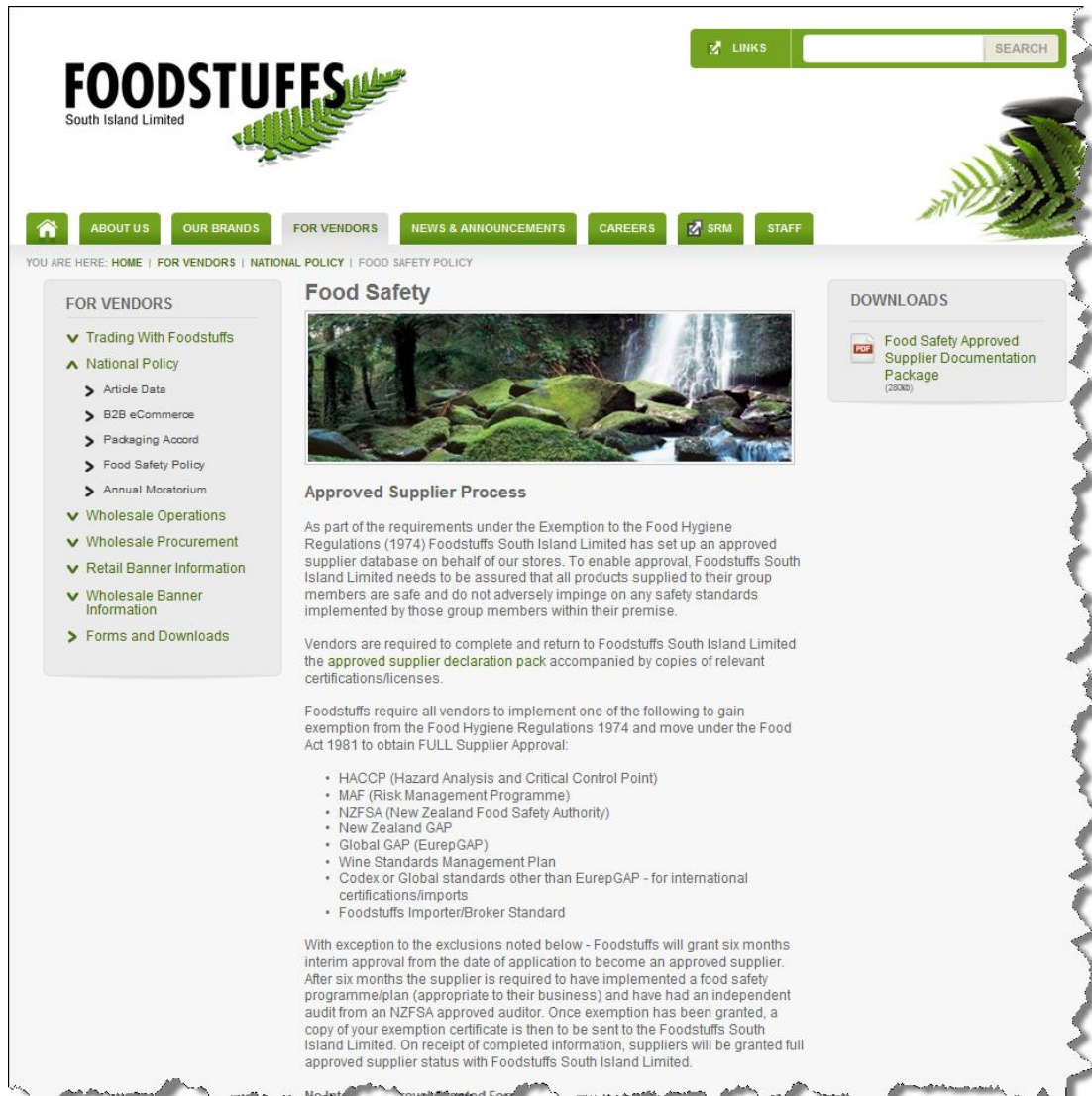
The Buyer and vendor should liaise to allow for sell through of short/expiry dated product to retail. An agreement on price reductions for sell through can be made in conjunction with the buyer and a warehouse withdrawal account will be sent to the vendor for the agreed amount based on the FSSI nett cost.

## Foodstuffs South Island Approved Supplier Standards Programme

All vendors and distributors supplying product to FSSI and its members are required to meet the above programme.

### Requirements

Refer to the FSSI website for further information [www.foodstuffs-si.co.nz](http://www.foodstuffs-si.co.nz)



The screenshot displays the Foodstuffs South Island website interface. At the top left is the logo for Foodstuffs South Island Limited, featuring the word 'FOODSTUFFS' in large, bold, black letters with a green fern frond graphic extending from the right. Below the logo is the text 'South Island Limited'. To the right of the logo is a search bar with a 'LINKS' button and a 'SEARCH' button. Below the logo is a navigation menu with buttons for 'HOME', 'ABOUT US', 'OUR BRANDS', 'FOR VENDORS', 'NEWS & ANNOUNCEMENTS', 'CAREERS', 'SRM', and 'STAFF'. Below the navigation menu is a breadcrumb trail: 'YOU ARE HERE: HOME | FOR VENDORS | NATIONAL POLICY | FOOD SAFETY POLICY'. The main content area is titled 'Food Safety' and features a large image of a waterfall in a forest. To the left of the main content is a sidebar with a 'FOR VENDORS' section containing a list of links: 'Trading With Foodstuffs', 'National Policy' (with sub-links for 'Article Data', 'B2B eCommerce', 'Packaging Accord', 'Food Safety Policy', and 'Annual Moratorium'), 'Wholesale Operations', 'Wholesale Procurement', 'Retail Banner Information', 'Wholesale Banner Information', and 'Forms and Downloads'. To the right of the main content is a 'DOWNLOADS' section with a PDF icon and the text 'Food Safety Approved Supplier Documentation Package (2580)'. The main content area contains the following text: 'Approved Supplier Process', 'As part of the requirements under the Exemption to the Food Hygiene Regulations (1974) Foodstuffs South Island Limited has set up an approved supplier database on behalf of our stores. To enable approval, Foodstuffs South Island Limited needs to be assured that all products supplied to their group members are safe and do not adversely impinge on any safety standards implemented by those group members within their premise.', 'Vendors are required to complete and return to Foodstuffs South Island Limited the approved supplier declaration pack accompanied by copies of relevant certifications/licenses.', 'Foodstuffs require all vendors to implement one of the following to gain exemption from the Food Hygiene Regulations 1974 and move under the Food Act 1981 to obtain FULL Supplier Approval:', a bulleted list of standards: 'HACCP (Hazard Analysis and Critical Control Point)', 'MAF (Risk Management Programme)', 'NZFSA (New Zealand Food Safety Authority)', 'New Zealand GAP', 'Global GAP (EurepGAP)', 'Wine Standards Management Plan', 'Codex or Global standards other than EurepGAP - for international certifications/imports', and 'Foodstuffs Importer/Broker Standard', and 'With exception to the exclusions noted below - Foodstuffs will grant six months interim approval from the date of application to become an approved supplier. After six months the supplier is required to have implemented a food safety programme/plan (appropriate to their business) and have had an independent audit from an NZFSA approved auditor. Once exemption has been granted, a copy of your exemption certificate is then to be sent to the Foodstuffs South Island Limited. On receipt of completed information, suppliers will be granted full approved supplier status with Foodstuffs South Island Limited.'

## Supplier Relationship Management (SRM)

Foodstuffs have nationally developed the shared database for the mutual benefit of both Foodstuffs and suppliers. The database is real time and allows access to contacts within the businesses.

To gain access to the key contacts in both wholesale procurement and operations the search functions in SRM should be used.

If a supplier is not registered or cannot access SRM the steps detailed on our webpage should be followed <http://suppliers.foodstuffs.co.nz>

The screenshot shows the Foodstuffs SRM website interface. At the top, there is a green header with the Foodstuffs logo and the tagline "Proudly New Zealand". A red stamp graphic reads "SUPPLIER INFORMATION". Navigation tabs include "FOODSTUFFS UPDATES", "NATIONAL GUIDELINES", "FAQS", "FORMS", "SUPPLIERS CASE STUDIES", "FOODSTUFFS INBOUND", and "SRM LOGIN". A search bar is present with "Employee Quick Search" and a "SEARCH" button. The main content area is divided into several sections: "MEMBER NAVIGATION" with links like "SRM - Home Page", "Search & Edit", and "Add Company"; a promotional banner for "SRM Now Accessible On Your Phone!" with a mobile phone image and the URL "m.foodstuffs.co.nz"; a "Supplier Relationship Management" section with a welcome message and a "Maintain Your Details" button; a "Got A Question About SRM?" section with a "VIEW THE SRM FAQ's" button; "RECENT COMPANY RECORD CHANGES" listing several suppliers; "SRM UPDATES" with a version number of 1.6.1; and "SRM Take The Video Tour" with a video player. The user is logged in as David Pawson, employed by Foodstuffs South Island Limited.

# GS1

## Article barcoding

All article listed for Dc ranging are expected to meet the standards of GS1 barcoding. FSSI Warehouse Management System (WMS) has the capability to manage most types including the EAN 128 and the system can manage random weight articles. Suppliers should refer to the GS1 website for information regarding compliance [www.gs1.co.nz](http://www.gs1.co.nz)

The screenshot shows the Foodstuffs South Island Limited website. The main navigation bar includes: HOME, ABOUT US, OUR BRANDS, FOR VENDORS, NEWS & ANNOUNCEMENTS, CAREERS, SRM, and STAFF. A breadcrumb trail reads: YOU ARE HERE: HOME | FOR VENDORS | WHOLESALE OPERATIONS | BARCODE SYMBOLOGY. The page title is "Barcode Symbology". A left sidebar lists "FOR VENDORS" categories: Trading With Foodstuffs, National Policy, Wholesale Operations (Policy and Procedure Guidelines, Barcode Symbology, Dangerous Goods, Foodstuffs Inbound Freight Network), Wholesale Procurement, Retail Banner Information, Wholesale Banner Information, and Forms and Downloads. The main content area features a photo of produce with price tags (e.g., 2.99, 3.99, 2.99) and text explaining that Foodstuffs South Island Limited, as a member of GS1 New Zealand, endorses the use of appropriate barcode symbology. It provides instructions for vendors regarding by/best before dates and the use of Serial Shipping Container Codes (SSCC).

The screenshot shows the GS1 New Zealand website. The header includes the GS1 logo, the tagline "The global language of business", and navigation links: Home, About GS1, What we offer, Sector solutions, News & Publications, Tools & resources, and Membership. The main heading is "Our Core Standards and Services". A featured section titled "Product information made easy" describes GS1net as a global electronic catalogue. It lists benefits: keeping customers informed, saving money on freight, and sharing information electronically. Below this is a section titled "Accepted Everywhere" which states that becoming a member of GS1 NZ provides unique and authentic numbers for Bar codes, EPC RFID, GS1net, and eCom. It also includes a warning: "PLEASE BEWARE OF UNAUTHORISED SALES OF GS1 AND EAN BAR CODES". On the right, an "Important Links" section lists various resources like "Check out the new services offered to GS1 NZ Members in MyGS1", "Global Event: GS1 Healthcare Conference - Sydney 20 - 22 March 2012", "Need a label designer, bar code printing equipment, or scanner?", "Download a bar code user guide", "Find out when you need to change your bar code", "Need the Check Digit Calculator", "Get helpful GS1net documents from the GS1net User Guide 'Cookbook'", "Want to understand Bar Codes better? Take a Seminar.", and "Need help with GS1net, MyGS1, or Bar Code Verifications?".