

# ECR Collaborative Learning

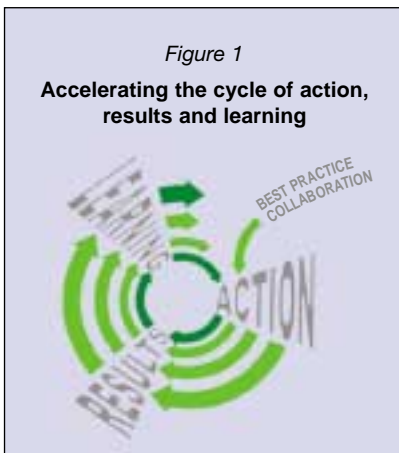
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## INTRODUCTION

A new type of collaborative learning programme is delivering multi-million pound business benefits in the fast moving consumer goods industry in UK and Ireland. These learning programmes bring together:

- manufacturing and retailing companies
- operations, commercial and supply chain functions
- those supplying and selling different categories of products

The programmes create joint value by accelerating the cycle of action, results and learning in the same programme (see Figure 1). Better ways of working and learning together become the day job.



## BUSINESSES

Four programmes have been completed to date. Each programme involves three or four retailer-supplier cross-functional teams. The retailers and suppliers involved and their programme timings were shown in Figure 2. The programme has been proven to work for one retailer with several suppliers or a multi-category supplier, as well as for several retailers with several suppliers.

*Figure 2*

**Companies involved**

	From	To
	Nov 2003	Sept 2004
	Sept 2004	April 2005
	Feb 2005	July 2005
	Sept 2005	May 2006

## RESULTS

The star performers of the first programme were Coors and Tesco. Learnings from all teams have since been applied across all food and grocery categories.

The second programme's star performers were Coca-Cola Enterprises and Somerfield, which yielded hundreds of thousands of pounds of uplift in net profit per year.

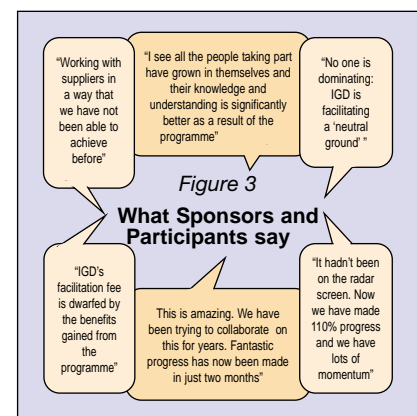
In Ireland, the programme's star performers were Coca-Cola Hellenic and Superquinn. The involvement of several retailers was challenging but very rewarding.

Feedback from sponsors and participants is as delightful as the impact on business results (see Figure 3). This new type of learning programme is proven to deliver extra, quicker, easier, and more sustainable and scaleable results. It out-performs the many development initiatives of high achieving retailers and suppliers. How? This article describes each of the essential elements of this type of learning programme.

## SUCCESS FACTORS

The programmes' major success factors are:

1. They are promoted and managed by an independent body with
  - membership representative of the supply chain
  - educational objectives (non-lobbying and not-for-profit)
  - a track record of nearly 100 years
2. The programmes are part of a 10-year international, industry movement - "working together to fulfil consumer wishes better, faster and at less cost".
3. Participating trading partners recognise common goals and the opportunity to create joint value and share the rewards.
4. Great care is taken to select the right trading partners, sponsors, functions and participants.



5. The structure, facilitation and control of the programme harnesses the competitive spirit of those involved.

## INDEPENDENT REPRESENTATIVE BODY

These programmes are promoted and managed by international supply chain expert, IGD, which is a not-for-profit organisation with charitable status. Educational activities are financed through membership subscriptions and selling research outputs via on-line information services, events and commissioned projects.

IGD has over 600 corporate members spanning retail, foodservice, food and drink and non-food manufacturing, wholesaling, distribution and production.

There is powerful synergy between IGD and the new type of learning programme. IGD's standing in the industry, provides participants with an additional anchor point which is seen as reliable and independent, of any one trading partner or any particular job role. With this enhanced footing, participants find more confidence to step forwards together into the unknown. Action, results and learning are achieved and accredited.

In the interest of the industry and consumers, companies participating in these learning programmes actively help IGD to share their learnings via guidebooks, conferences and online (with commercially sensitive data removed). So, as well as enhancing competitiveness, participating companies help the industry.

## BREAKING DOWN BUSINESS BARRIERS

One longstanding Industry Working Group reporting to IGD's Policy Issues Council is the UK Board of Efficient Consumer Response (ECR). ECR is a joint manufacturer and retailer forum with the shared vision of 'working together to fulfil consumer wishes better, faster and at less cost'.

The design of the new learning programme builds on the strengths of ECR's way of working over of the

past 10 years in Europe. ECR has established many workgroups to address joint business priorities such as Packaging, Collaborative Distribution and Pallets. These workgroups have produced great benefits for those involved.

The key to the success of ECR's workgroups, has been the fact that participants grasp the challenge, accountability, resources and authority to address a critical issue at the cutting edge of industry practice, nationally and internationally. These teams immerse themselves in the issue, and thereby "learn by doing". It is from this learning that better practices have emerged, and participating companies have experienced success, and been rewarded for the input of trust, energy and ideas.

It has been standard practice for the learnings from each ECR workgroup, to be shared with others in the industry via presentations at conferences and guidebooks. This sharing builds awareness and is an attempt to spread best practice across the industry.

But awareness is not the only factor limiting implementation. There are other constraints which slow the action-results-learning cycle. A lot of companies in the industry which are not involved in workgroups, seem unaffected by the content presented at events and published in guidebooks. This is why ECR introduced a new stream of activity to focus on learning.

## COMMON GOALS, JOINT VALUE CREATION AND SHARED REWARDS

During the learning programmes, the trading partners and people from different job functions set common goals, create joint value and share the rewards. It is crucial to identify and agree common goals. This avoids each party seeking its own advantage, and pursuing seemingly incompatible goals for issues like pricing, distribution or promotional activities.

So far, improving on-shelf availability has been the common interest, helping to bring and keep companies and participants together.

Improving on-shelf availability is an opportunity for manufacturers and retailers to work together to achieve a crucial and compatible goal – shopper satisfaction. Faced with an out-of-stock, there is a considerable risk that the shopper will switch brand, store or both, especially if the experience is repeated.

ECR UK has had an availability workgroup with three sub-groups running for three years. Three guidebooks have been produced, and are available at [www.igd.com/ecr](http://www.igd.com/ecr). These guidebooks illustrate how manufacturers and retailers can work together to identify and capitalise on improvement opportunities.

Being results oriented is essential, but is not enough on its own. The core focus has to be on a joint business benefit – such as increased sales through improved on-shelf availability – so the rewards can be shared. Once the core focus is in place, other benefits can flow. Using simple tools proven and created by retailers and suppliers, often saves on costs such as inventory, loss, crisis-driven time and expensive technology solutions.

## COMPANIES, SPONSORS, FUNCTIONS AND PARTICIPANTS

When a company approaches IGD about a potential programme, the first step is to identify and agree the core focus. IGD then helps companies to identify and invite trading partners to join them on a programme. Each programme involves three or four retailer-supplier cross-functional teams.

There is more to be gained by looking beyond the *usual suspects* and including trading partners not usually known for their teamwork. The programme helps reluctant companies to experience first-hand the benefits of working and learning together.

Other considerations when choosing partners are:

- What is the potential size of the prize?
- Is substantial change anticipated, and is it likely to be embraced?
- Will suitable people be allocated to sponsor and participate in the programme?

Each company then selects one Sponsor Director or several, each of which represents a participating function. Their backing is crucial throughout the programme as they provide leadership support, direction, and access to authority and resources. Effective use is made of Sponsors' time by:

- alerting them when there is a need to manage by exception
- inviting them to the "last hour" rather than the duration of four main meetings

IGD helps the Sponsor Directors to assess the nature of the opportunity, and choose the job functions that need to be represented by participants (see Figure 4). There are usually two or three retailer and two or three manufacturer functions in each team. Supply chain, commercial and operations from both partners are the functions most often represented.

Sponsors are strongly advised to select their 'A Teams of Tomorrow' rather than their current 'Hit Squads'. This is to create well-balanced teams made up of people with the need and potential to grow. Keen collaborators are in the habit of mobilising their hit squad and sometimes find it challenging to delegate. IGD helps manage this so teams are well composed.

Sponsors are briefed about the amount of time their participants will be expected to commit to the programme: it is usually about one day per week over six months. Sponsors are asked to gain the

agreement of each participant's line director and manager, which reduces the risk of participants being taken off the programme for long periods.

## STRUCTURE, FACILITATION AND CONTROL

A simple roadmap is used to describe the structure of the programme (see Figure 5). During the set-up stage of the programme, the Why and Who are addressed as described above.

Participants have user-friendly access to reference materials, utilising the valuable outputs of earlier learning programmes and ECR workgroups. Experienced and competent Senior Analysts provide expert support at meetings and on request between meetings, via phone and email. Throughout programme, participants' attention is drawn to relevant materials to minimise reinvention. Participants' existing knowledge is utilised and built upon within the team.

IGD get all the participants "on-board", and they then specify current and future results and job behaviours, and plan what will be measured, how, when, and by whom, in order to evaluate their work and learning. A novel and effective commitment scale is used to track participants' commitment levels throughout this meeting. Sponsors attend the "last hour" of the meeting to improve and endorse participants' plans.

Reporting deadlines are fixed to efficiently utilise participants' time by agreeing the dates of two progress

and one evaluation meeting. These meetings punctuate three essential phases of each team's work and learning:

The teams are asked to follow their presentations with questions to members of the other teams to:

- elicit feedback and suggestions
- get commitment from the others to apply

During progress meetings, participants score their team's performance against 12 Partnership Success Criteria. These help diagnose relationship issues so corrective action can be taken early.

At the evaluation meeting the participants sit a knowledge quiz to help validate their understanding. The quiz score combines with the evidence of action and results to give an enhanced assessment of capability which is recognised with an IGD certificate.

As a result of the programme, participants typically further develop their willingness and ability to:

- co-operate with trading partners, to identify and work towards common goals for on-shelf availability
- measure and analyse on-shelf availability to understand consumer behaviour and the root causes of out-of-stocks
- include on-shelf availability in scorecards and incentives to increase employee attention at all levels

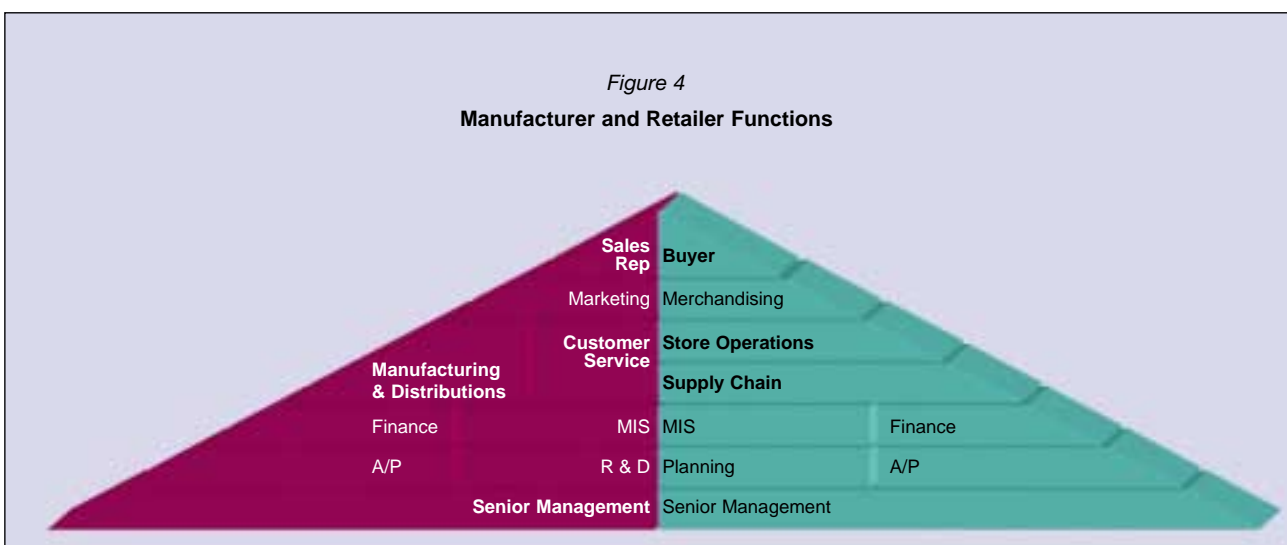
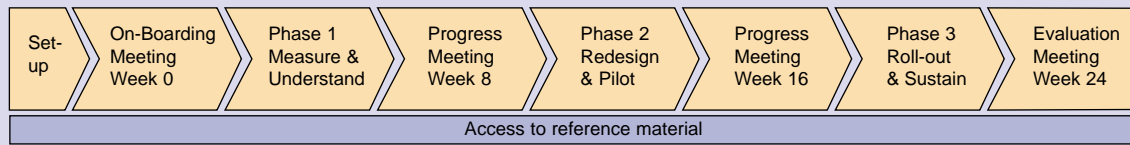


Figure 5  
Programme Roadmap



- involve store management and staff in design, and implementation of change to improve on-shelf availability
- integrate the adjustment of inventory, replenishment, merchandising, promotion and ordering improvement lever(s)
- roll out tested improvements so they are applied consistently and sustainably across the whole company

Leadership, commitment, partnership, change, achievement and learning are planned, evaluated and shared – little is left to chance. Tools are used during meetings to monitor progress. Between meetings a web-poll is sent to all participants. All this information is consolidated into a scorecard with traffic lights. This is sent to Sponsor Directors and participants to communicate progress, inspire action and ensure return on investment.

The above structure, combined with skilled facilitation, harnesses the competitive spirit among the unique mix of partners, functions and categories, and builds parity, trust and open exchange.

## CONCLUSION

This new type of learning programme emulates the approach and success of ECR workgroups. The learning programmes do this on a local scale, to extend implementation to many companies in the industry. Reference materials help participants to adopt a common language and build awareness. But, effective learning programmes incorporate doing. The practical understanding, opinions, values, perception, dexterity and self-confidence required to successfully adopt and sustain new practice can't be

Phase	Purpose	Method
1. <b>Measure and understand</b>	To avoid actions based on myth and legend or	Performance is measured, root causes of variance analysed gut-feel alone and alternate solutions are identified
2. <b>Redesign and Pilot</b>	To win short-term gains and to motivate others to join the change process	Chosen solutions are developed and tested locally to contain risk. Peer scrutiny drives valid trials
3. <b>Roll-out and Sustain</b>	To deliver results and apply learnings to other areas of the business	Solutions are applied consistently, improved further, and applied in other areas

Teams are asked not to wait until the next meeting before moving onto the next phase. However, the meetings are scheduled with the following roles planned:

Meeting	Participants	Sponsor Directors
<b>1st Progress</b>	Present findings, alternate solutions and pilot, and roll-out plans	Help prioritise solutions, identify leadership and learning support needs and plan next steps
<b>2nd Progress</b>	Present the results and learnings from trials and their roll-out plans	Attend the "last hour" to improve and endorse participants' plans to roll out and sustain results
<b>Evaluation</b>	Present evidence of time spent, actions taken, results achieved and abilities developed	Help validate team member's contribution and the return on investment

developed separately from personal experience of the practice.

Expensive meeting time is used to best effect when collaboratively planning actions as well as sharing and reviewing results and consolidating learning. Facilitators, participants and sponsors all work to ensure that the learning-by-doing is integrated with the day job.

Manufacturers and retailers

improve on-shelf availability more effectively when working collaboratively, even in cases where the root causes of out-of-stocks are predominantly in the domain of one trading partner. In the same way, participants and sponsors improve performance more effectively when working collaboratively, no matter in whose domain the performance constraints exist.

## About the Author

For over 18 years **James Tupper** has developed people performance in the food and grocery industry in over 25 countries. At IGD, James creates and facilitates programmes for cross-functional trading partner teams to learn-by-doing together.

James is judge for the Sainsbury's Learning and

Development Award of the UK Food Industry Awards and the Training Initiative of the Year and Store Manager of the Year awards of the UK Retail Industry Awards.

James has an MSc and is the only non-Tesco graduate of the Tesco Academy courses accredited by the Training Foundation.