

Implementing Sustainable Change

Bernard Karli
Managing Director

ECR Europe's investment in implementing sustainable change

Starting in 1996

- ECR Europe conferences

Starting in 1999

- ECR Europe Academic Partnership

Starting in 2001

- ECR Journal and Student Awards

Starting in 2003

- Shared Learning Initiative

Starting in 2005

- International Commerce Institute

Starting in 2007

- International Commerce Review:ECR Journal

From 2007 – our mission

To effect a sustainable, broad-scale change in collaborative business relationships and behaviour across the consumer goods business through

- ❖ *Building Leadership*
- ❖ *Furthering Knowledge*
- ❖ *Instigating research*
- ❖ *Learning together*

From 2007 – our assets

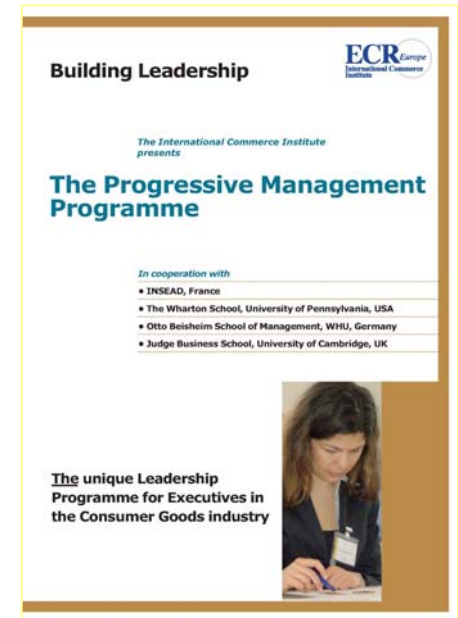
Networking



Communicating



Learning together



For more information

Visit the International Commerce Institute

- At stand H12 in the Marketplace
- At www.ecr-institute.org

Or call + 41 796 522 722

Implementing Sustainable Change

Discussion session

Atul Bhardwaj, Tesco Plc

Dr. Katerina Pramadari, Athens University

Peter Jordan, Value Chain Vision

Prof. Dan Jones, The Lean Academy

Implementing Sustainable Change through Joint Research Collaboration

Dr. Katerina Pramatarı

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Business Sustainability

- **Sustainability of human resources**
 - life-long education and people development
 - knowledge generation and adoption of innovations
- **Sustainability of physical resources**
 - environmental sustainability
 - sustainable transport
 - sustainable packaging and recycling
 - waste management

**Is your company doing something
about environmental sustainability
and other emerging consumer
concerns?**

The challenge

1. How to address emerging concerns through product and process innovation?

Research

2. How to turn innovations into sustainable business practices?

Process change
People
development

The Dynamic Pricing Project

- A research project funded by the International Commerce Institute – Unilever Fund
- Combines both sustainability perspectives:
 - Joint collaboration of industry and academia to generate new knowledge
 - Looks at a promising sustainability practice from the consumer perspective

The concept

- **Dynamic Pricing:** Price-off for products approaching their expiration date
- Used partially as a **waste management** practice by some retailers
- **Consumers ranked it top** as a service
 - surveys in two European countries (Greece, Germany)

Key Questions

- What is the impact on consumer behavior?
- Can it be implemented as an industry-wide practice for waste management?
- Can it be implemented in collaboration?
 - suppliers of perishable goods are not currently involved
- Can new technologies (such as RFID) make implementation more efficient ?
 - current implementation relies on manual intervention

The role of Academia

- **Conduct research:** design and execute several studies and consumer surveys addressing various aspects:
 - Trade-off between price, quality and expiry-date
 - Price reduction versus consumer response
 - Evaluate implementation alternatives
- **Conduct field experiments** with the participation of retailers and suppliers
- **Setup and coordinate a European research project** testing an implementation of Dynamic Pricing based on RFID



Intelligent Integration of Supply Chain Processes and Consumer Services based on RFID

GREECE



Veropoulos
Supermarkets

IRELAND



CYPRUS



Alpha-Mega Papaellinas
Supermarkets

<http://www.smart-rfid.eu/>

The opportunity ahead...

INDUSTRY

- Address emerging concerns beyond day-to-day business
- Process as well as product research
- Need for collaboration
 - Vertical (with supply chain partners)
 - Horizontal (across several European countries)



ACADEMIA

- Design and conduct high-quality and relevant research
- Setup and coordinate research activities across different organizations and countries
- Experiment with new and high-risk technologies
- Executive education and training

... to bridge the gap

In practical terms

- Student Internships
- Scholarships for PhD studies
- Joint research collaboration projects
 - Initiated by the industry
 - Initiated by the Academia
 - National, European
- Executive education

Concluding Remarks

- The grocery retail industry is expected to be highly impacted by the need for environmental sustainability and other emerging consumer concerns, such as food safety, nutritional labeling, ethical sourcing, etc.
- Academia and joint research collaboration efforts at European level can play a key role in fostering knowledge and supporting business in managing and implementing this huge effort for sustainable change

Putting New Knowledge to Work

Daniel T Jones

**Chairman, Lean Enterprise Academy
Editor in Chief, International Commerce Review**

Outline

- Lessons from influential research projects
 - MIT auto studies of the 1980s
 - Lean supply chains at Unipart and Tesco in the 1990s
 - Lean in consumer goods right now
- Bridging the gap between academia and industry
- Harnessing research to meet tomorrow's challenges

MIT Auto Studies

- Explain the rise of the Japanese auto makers
- Academic research with active industrial board
- Benchmarking methodology – thoroughly tested
- Powerfully written story engaged the industry
- Followed up by research on how to close the gap – examples, principles, transition path
- Written up for plant managers
- Created a global movement – spreading lean to every industry

Lean Fundamentals

- Organisations manage knowledge, careers, assets and performance vertically
- But all value is the result of a horizontal process – which no one sees or is responsible for
- Engage everyone to do what is right for their customer and to streamline the flow of value creation
- And get the rest of the organisation to support and enable these primary processes to flow
- Then the organisation can beat the competition by creating more value at little additional cost
- It is about Purpose, Process and People

Lean Supply Chains

- Unipart and Tesco asked the same question – how to create a lean supply chain?
- Toyota parts system the reference example
- Unipart created a corporate University to build knowledge and a common practice
- From pilot experiments Tesco assembled the building blocks of a lean supply chain
- Both understood the power of flow and time compression at board level



Actions

Every little helps

Purpose

Loyalty cards

Home shopping

Segment customers

Understand preferences

Convenience format

Process

Walk and map supply chains

Flow through stores & DCs

Continuous replenishment

Take on primary distribution

Dollies and shelf-ready packaging

People

Align strategy on flow

Common dashboard

Pilot projects

Tesco Operating System

Store training

Consumer Goods

- How to overcome batch thinking in process industries?
- Experiments demonstrated the power of sieving the product mix, and buffering demand and making high volume products more frequently
- So you can make one, ship one and sell one in line with demand and respond more quickly
- Current squeeze and disillusion with IT now triggering widespread interest in lean

Next Steps

- Go beyond pilots to learn to manage win-win cooperation on an ongoing basis?
- Understand how to help consumers manage their consumption while saving their time?
- Discover how can we turn consumers from strangers to partners?
- How will this change production, distribution, retail formats and channels to the home?
- In a sustainable way?

Bridging the Gap

- Practice leads theory in this field
- Breakthroughs come from real partnerships with industry –not just having students analyse data – but by carrying out experiments to turn pilots into proven practice – which takes time
- Academics driven by teaching and writing papers – but business schools increasingly need relevance
- We need more joint research projects and discussion forums

International Commerce Institute

- A forum for advancing theory and practice
 - Progressive Management Programme – developing tomorrow's leaders
 - International Commerce Review – engaging leading academics
 - Research Sponsorship – Unilever grants
 - Thought leader forums – develop dialogues around new knowledge
 - ICI Web site – communications platform – keeping abreast of latest research

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