



WORLD RETAIL CONGRESS 09

Most retailers with T/O above \$200m use some form of direct sourcing.

Savings

Source	Scale	Direct v Indirect	Value Chain
<ul style="list-style-type: none"> • Right supplier • Right country 	<ul style="list-style-type: none"> • Maximising economies 	<ul style="list-style-type: none"> • Negotiating ex factory prices, Ts&Cs • Cost of added value services - direct v indirect 	<ul style="list-style-type: none"> • Reducing supply chain costs • Control & visibility of inventory • Managing total stock holding
<ul style="list-style-type: none"> • 5-8% COGs* savings 	<ul style="list-style-type: none"> • 1-3% COGs* savings 	<ul style="list-style-type: none"> • Up to 24% COGs* savings 	<ul style="list-style-type: none"> • Up to 10% in secondary distribution costs

Additional 40% saving in primary freight rates, expressed as COGs, has been possible since 06.08

* COGs = Cost of Goods

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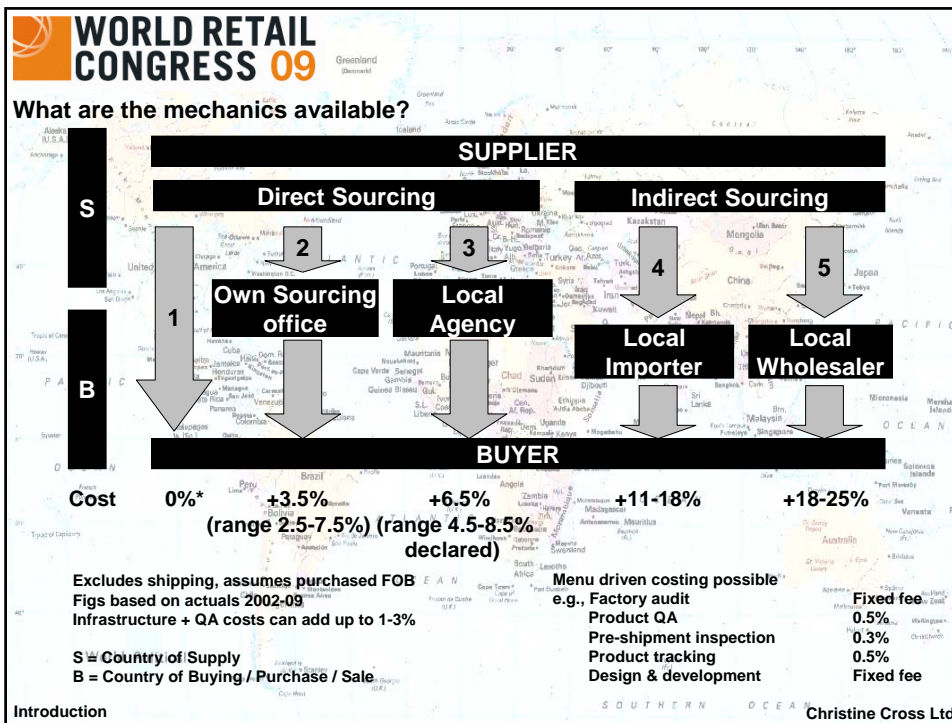
Sourcing is integrally linked with merchandise planning and supply chain.

Sourcing cannot be viewed in isolation

Merchandise Planning	Sourcing	Supply Chain
<ul style="list-style-type: none"> • Capacity Planning • Long order lead times • Standardised calendars • Data integrity / management 	<ul style="list-style-type: none"> • Country / Supplier • Sale • Direct v indirect • Value chain 	<ul style="list-style-type: none"> • Global stock movement • Tracking & visibility • Quality monitoring • Imports & receiving procedures

Ignore this and high stock holding and markdown will result

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A world map with a grid of latitude and longitude lines. The map is color-coded by continent: North America (orange), South America (green), Europe (yellow), Africa (purple), Asia (red), and Australia (blue). Overlaid on the map are the names of four speakers in bold black text. The text is arranged vertically from top to bottom: 'OUR SPEAKERS', 'Rick Darling, President LI & Fung US', 'Antonio Alvarez, Director of Environment, Inditex', 'Ian McDonald, General Manager Global Sourcing, Woolworths Ltd, AU', and 'Peter Johnson, Founder, The Milino Group'. The map also shows major cities, countries, and oceans. The text 'World Political' is visible in the bottom left, and 'Christine Cross Ltd' is in the bottom right.

OUR SPEAKERS

Rick Darling, President LI & Fung US

Antonio Alvarez, Director of Environment, Inditex

Ian McDonald, General Manager Global Sourcing, Woolworths Ltd, AU

Peter Johnson, Founder, The Milino Group

World Political

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