

# WOOLWORTHS LIMITED

*Passionate About Retail*

**Ian McDonald**  
General Manager – Global Sourcing  
May 2009



## *Agenda*

1. Company profile
2. Why direct sourcing ?
3. Developing overseas sourcing offices
4. Progress to date
5. Key learnings
6. Next steps



WOOLWORTHS LIMITED

**WORLD RETAIL  
CONGRESS 09**

## *Company profile*

- Australian publicly listed company started in 1924.
- Australia's largest retailer.
- \$A 47 billion in sales.
- 3085 stores.
- \$A 2.5 billion EBIT, 5.4% of sales
- Operating in Australia, NZ and India.
- 185,000 employees.
- 340,000 shareholders.



WOOLWORTHS LIMITED

3

**WORLD RETAIL  
CONGRESS 09**



WOOLWORTHS LIMITED

4

**WORLD RETAIL CONGRESS 09**

# BIGW

5

**WOOLWORTHS LIMITED**

**WORLD RETAIL CONGRESS 09**

6

**WOOLWORTHS LIMITED**

**WORLD RETAIL CONGRESS 09**

# dick smith

Talk to the Techxperts



7

**WOOLWORTHS LIMITED**

**WORLD RETAIL CONGRESS 09**

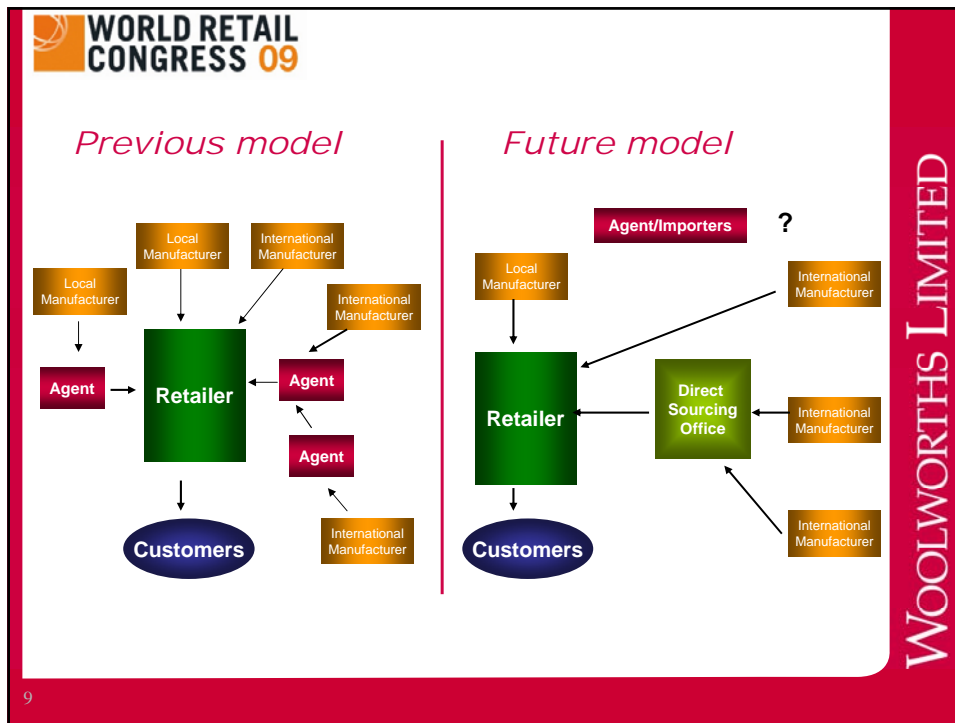
## *Global Sourcing*

- 50,000 TEU's
- From 120 ports around the world
- Channels include;
  - Agents
  - Direct factory relationships
  - Own offices



8

**WOOLWORTHS LIMITED**



**WORLD RETAIL CONGRESS 09**

*Future agent models*

- General agents – reduce
  - Use where combined buying power provides a distinct advantage
- Exclusive agents
  - Specific regions and categories
  - Compelling value propositions
  - Clear responsibilities
  - Full visibility of supplier
  - Transparency of cost vs services

10

**WOOLWORTHS LIMITED**



## *Benefits of direct sourcing*

- Cost savings.
- Increase profit and drive sales
- Improve ethical and quality control.
- Product innovation and differentiation.
- Leverage supply chain volume and capability.
- Closer supplier relationships.
- Transparency.

*“Creating competitive advantage”*

11

WOOLWORTHS LIMITED



## *Our approach to developing direct sourcing offices.*

- Market review
- Determined resource requirements
- Structure included Sourcing teams, HR, Logistics, Finance and QA/QC
- Hong Kong
- Locals vs expats
- Financial model
- Engagement model
- Open communication with our supplier base

12

WOOLWORTHS LIMITED

## *Progress to date*

- HK office established in April 2006.
- Shanghai office opened in March 2008.
- 90 people.
- >500 suppliers.
- Source 4000 SKU's.
- Savings achieved over 20%.
- Factory audit program.
- QA/QC controls.

13

WOOLWORTHS LIMITED

## *Key Learnings*

- Bigger and faster benefits
- Buyer engagement and support
- Alignment of KPI's
- Transparent costs
- Supply chain capability
- Cultural challenges
- Processes and systems
- Investment requirement
- Quality and ethical leadership
- Senior sponsorship



14

WOOLWORTHS LIMITED

## *Next steps*

- Continue to develop skills, systems and processes
- Expand into other categories
- Develop other geographies
- Explore alternative sourcing models
- Develop logistics capability

