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Rhiannon Davies
Vice President Supply Chain
GrandVision

“We are changing completely as we become demand driven”



S&OP +
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GrandVision has grand plans. The world's largest network of optical retail stores is far along the path from historically being supplier-led to having a strong demand driven supply chain. Rhiannon Davies, joined in 2012 to implement the new supply chain, bring about global compliance and leverage potential efficiencies to drive the strongest conditions and service to customers. "In the last three years we've developed our strategy, centralised procurement, purchasing and manufacturing aligned our portfolios across all categories globally and developed our exclusive brands portfolio. And we are still on a journey with many more opportunities," she says. ➤

Interview conducted by Martijn Lofvers and Edwin Tuyn, written by Helen Armstrong

Rhiannon Davies (45) was born in Cambridge, Massachusetts, grew up in Canada and now lives in Amsterdam with her husband Sebastiaan and children, Emma (9) and Maccsen (7).

Education

1988 – 1997: Civil Engineering and politics: McGill University, Montreal, Canada

Career

Sept 2012 – Present: Vice President SC and Member of the GrandVision Management, Soesterberg, the Netherlands

Dec 2011 – Present: Member of the Supervisory Board, Fairfood International

June 2007 – June 2009: Vice President Global Strategic Product Sourcing, Groupe Danone, the Netherlands

May 2006 – Nov 2008: Vice President Global Supply Chain, Numico (part of Danone)

May 2005 – May 2006: Director Customer Logistics Europe, Numico B.V.

Oct 2003 – May 2005: Director Central Supply Chain Europe, Numico B.V.

March 2000 – Oct 2003: Manager Deloitte Consulting, the Netherlands

June 1997 – March 2000: Senior Consultant/ Manager, Deloitte, Toronto, Canada

Rhiannon Davies, Vice President Supply Chain, GrandVision

“We are changing completely as we become demand driven”

Photos: Ton Zonneveld



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Pearle
opticiens



GrandVision has around 6,100 stores in 44 countries which are visited by over 150 million customers annually. Many of these stores are recognised under banners such as Apollo-Optik in Germany, Générale d'Optique and GrandOptical in France, Pearle in the Netherlands, Belgium and Austria and Vision Express in the United Kingdom, Ireland, Poland, Hungary, the Middle East and India to name just a few. The company is publically traded on Euronext Amsterdam since the IPO in February 2015. In 1996, the Dutch investment firm HAL entered the optical market when it acquired the Dutch and Belgian operations of Pearle Vision. After that it quickly went on to buy many other optical retailers including the French based, multinational GrandVision SA in 2005. Pearle and GrandVision were merged in 2011 making it the right moment to align the very fragmented business. The company's primary business remains optical care providing in-store eye testing and diagnostics services to its customers. Its deep portfolio of exclusive brand and designer brand frames, lenses, contact lenses and sunglasses is selected by a central team for global distribution.

What is your current responsibility?

"My role includes purchasing, product development, product management, category management, supply chain and manufacturing. Until a few years ago we were a very supply driven company. After the merger of GrandVision and Pearle the team was busy with BOB (best of both), trying to rationalise global contracts for the lowest price and offer the best service as we globalised.

We are now changing completely as we become demand driven. As VP supply chain I am responsible for implementing this transformation in strong collaboration with my commercial, finance and supply chain colleagues both locally and globally. Instead of people in individual markets being focused on suppli-

Rhiannon Davies: "We used to have 46,000 SKUs, 250 suppliers and 350 different brands in our private label frames and sunglasses portfolio. Now we have 4,000 SKUs carefully segmented into 21 exclusive high quality brands, and 16 suppliers that are currently in China and Italy."

PORTRAIT

Work and travel "The office is just 15 minutes by car from my home in Amsterdam. I'm travelling approximately one week per month, mostly within Europe although at least twice a year it's further afield to South America or China. I always fly, luckily we're also fairly close to Schiphol."

Management style "I am a collaborative manager and I set strong targets and have high expectations but I believe I do this in a motivational way. I want to develop and work with people where possible. Over the years I have learnt to delegate which has been a big challenge because I always wanted to do everything myself to ensure it was done exactly my way. But I've realised that as

“The advent of 3D printing for frames and lenses could have a big impact and could change the supply chain.”

ers and product selection, they now focus on merchandising, sell-out patterns and positioning product as a real differentiator. It is a huge change for the supply chain and a huge cultural change for the company.”

What does the change from supplier driven to demand driven mean for the supply chain?

“We recently set-up the GrandVision Supply Chain company in the Netherlands to centralise purchasing and operations in order to become more efficient. For example, we used to have 46,000 SKUs, 250 suppliers and 350 different brands in our private label frames and sunglasses portfolio. Now we have 4,000 SKUs carefully segmented into 21 exclusive high quality brands, which we sell globally, and 16 suppliers that are currently in China and Italy. We are transitioning our Chinese supplier base to other regions such as Bangladesh and Vietnam for labour cost and quality reasons. Together with Kuehne & Nagel we have built consolidation centres close to production where we do quality checks on-site rather than wait until product is in Europe. Now all our exclusive brands - 60% of our frames - come via these consolidation centres to a central warehouse in Rosenberg via our consolidated supply chain flow and are distributed to all GandVision countries.

It is a very significant change. The new operations team that runs the consolidated flow of exclusive brands are fully managing the rolling order forecast, order management, product availability, transportation and quality control. As we implement SAP in each of our countries we are also starting to take over transactional purchasing of other categories, such as lenses, contact lenses and international brands. We have already set up SAP systems in the UK and the Netherlands, two of our largest markets, and 65% of business will be on SAP by first quarter 2017.

We have grown from seven people to 45 in three years. This is because in addition to increasing the strategic capability, it also

includes for example, order management, supplier management customer service which used to be executed in each countries.”

What will this deliver?

“This change delivers significant savings through efficiency of operations globally and funds itself entirely. In addition, this change delivers the control necessary to drive much stronger leverage to achieve significantly better conditions with our supply partners and makes us a more attractive customer. The key is to have full compliance across all our operating countries.

The company has a strict policy so if we hire someone for a new role we need to find an efficiency elsewhere. For example, now that exclusive brands are purchased centrally we don't need any-one managing suppliers or orders in each operating country. Mostly we've executed a non-replacement policy as people leave but in some countries where we have already taken over the full transactional purchasing capability, we have had to make people redundant.”

Have you used consultants to help drive the transformation?

“I believe we need to own the change program ourselves but where consultants can help is with a technical modelling exercise. I want my team to create its own road map but where they need support we do make this possible.

Accenture is currently our implementation partner for SAP, we work closely with Gartner and we are currently using a company called Districon to support us on network modelling. It is a complete change to go from a strategic contract management organisation to be demand driven and operations execution driven.”

The consolidation has built in a lot of efficiency but how have local managers reacted to centralised procurement?

“As a company we realised there were great opportunities which

you move through an organisation it's impossible to continue in that way. You need to trust people and give them space to create something of their own. It's okay every now and again to go over the details, because at the end of the day I'm responsible for the end result, but to do it in a way that people continue to feel trusted.”

Vacation “We visit Canada a lot, especially during the summer holidays, because my family is there. Also we sail a lot. Five years ago my husband and I and the two small children sailed for 18 months, crossing the Atlantic, again to visit my family. Other

holidays and free time are spent sailing our boat up the Wadden Islands, off the Dutch coast.”

Clothing “We still have a very formal work culture so I wear suits, dresses and trouser suits. If we're having a sailing weekend its jeans and a fleece or if we're at home in Amsterdam I wear something more stylish.”

Hobbies “As well as sailing I go running and cycling and try to do as much as gardening as possible but unfortunately there never seems to be enough time for that. I also play the piano to accompany my daughter

who is very involved in singing and dancing.”

Music/ Books “The sort of music I listen to depends on the situation. It is quite diverse: If I'm in the car it tends to be music from my youth but if I'm dancing around the house with the children it's the top 40 of today. I read a lot of novels and really liked the books by Khaled Hosseini, such as the Kite Runner. I am not a huge believer in management books; I prefer to get that information from articles or via my network.”

Inspiration “Many people around me

have inspired me, such as my old boss at Numico whose leadership skills were incredibly inspiring. But often it is incidental things that people say that make me reflect on myself and where I am. This challenges me not just to think about things but to get them done and deliver. Shortly before we went on our long sailing trip, a well-known Dutch sailor told me it is alright to have a dream but if you still have your dream in two years' time it will always be a dream, never a reality. That flipped the switch and gave me the challenge to go and do it.”



on a global scale had never been taken advantage of. GrandVision has grown globally through acquisition and we still have small entrepreneurial stars in each country. We have been very careful about protecting them. For our local teams the selection of products and decisions about what to put in stores was holy. In order to manage risk and ensure that our teams are accustomed to centralisation we have done it step by step, category by category. Our local Managing Directors can now concentrate fully on P&L and provide the best service to customers in the trust that the back office ordering, category management and supply chain is under control.

Each time we can demonstrate that centralisation has a positive effect on P&L it helps people to make the right decisions. We started with procurement as well as providing a strong assortment of exclusive brands and we supported them with analytics. When you can add value and deliver top and bottom line people are more convinced of letting something go.”

What have been the implications of centralising manufacturing?

“Historically, the customer selected a frame that was in the store and the lenses were fitted in the store. But it is not handy having your manufacturing in 6100 stores when you can centralise it. As well as managing costs and reducing store inventory - 60% of stock was in store - it allows personnel to focus on selling rather than having to perform a technical exercise as well. Also, if you are limited to selling what is in the store you can't upsell on different coatings and lenses and so you not providing the customer with the best eye care. We are even moving our stores over to showroom models for frames.

We opened four new GrandVision Tech centres in France, Portugal, UK and Germany. These are high tech, fast facilities that manufacture several million products per year. We can ensure machines are calibrated in a consistent way and the quality of processes is better so we serve multi-operating companies in Europe with a consistent level of quality and speed of service.

We are finalising a study with Districon, which has found that in Europe regardless of location we can turn a product around within 24 hours as it is a very simple manufacturing process: The

lenses are matched with the frame, cut, mounted and shipped.”

The global assortment has gone from 46,000 SKUs to 4,000. How does this align with a demand driven company?

“Historically the industry has been supply led and purchasers in local operating countries bought what they thought would sell. We had limited demand planning capability. Now we follow the Gartner demand driven value process. Purchasing has been divided into categories and purchasers have become category managers so they are much more commercially minded. They analyse what sells well in each market and based on that they select an assortment and put appropriate products in stores based on category. 60% of our portfolio is our own exclusive brand which is designed by development teams in Italy and France. The other 40% is designer brands which we are free to pull in and out depending upon product performance.

I believe we still need to present some brands like Chanel, Gucci and Ray-Ban because they increase consumer perception of our entire assortment. We have very clear guidelines about communicating these brands. If there is a particular differentiating campaign for a product that is unique to GrandVision then we will present that in store but we always manage the communication. Overall it is the analytically driven category management and harmonisation of the assortment that drives value and transitions us to demand driven. This enables us to significantly shorten our leadtimes and increase service levels.”

How do you drive sales?

“Our sales strategy is driven by a common and clear commercial policy aligned across the organisation globally. Our exclusive brands sell across all price points and have been segmented to support the sales process with specific price points, technical features, innovation and styles. For our exclusive brands we look at competitive brands in each segment and design a model for each category to have better technical aspects than the competitor. We offer it for a slightly lower or comparable price. In this way we have clear talking points with which to convince consumers that it is a better product with a higher quality for a lower price. This drives customer value by providing a better product while the return for GrandVision is stronger as the products are our own and exclusive to our stores.”

Will the supply chain give you a competitive advantage, especially in an omnichannel environment?

“With our harmonisation efforts we will be able to reduce lead time on frames to one third of the current time if we start to buy our own raw materials and reserve capacity with our suppliers. Our first step has been to clean up, centralise and harmonise to give us full control and visibility. The next phase will be to add the whistles and bells, which could increase competitiveness as we move towards full omnichannel proposition.

We are already implementing SAP for procurement, finance and the supply chain and implementing SAP Hybris to support

“It is not handy having your manufacturing in 6100 stores when you can centralise it.”

omnichannel so that the POS interface in store is exactly the same as what the customer sees online. To further support omnichannel, we are gradually introducing 3D try-ons, appointment bookings and delivery channels such as click and collect or home deliveries. In China, for example this has been fully implemented because you can't be in Chinese market without a full omnichannel offering. Hybris is now being rolled out in two of our largest markets, Germany and the Netherlands and will be rolled-out as a global solution. The advent of 3D printing for frames and lenses still needs to be explored but could also have a big impact and could change the supply chain.”

Do you deliver POS/sell-out data to suppliers?

“The decision about which products we want to sell has to come from us and there could be a tendency, if they have that level of visibility, to suggest what we should stock in our stores. I don't want that discussion. We make the decisions on what we sell in our stores based upon delivering the highest customer service, sales and absolute margin as we are the only ones with access to total sell-out data, deepest knowledge of our customers and their needs.”

What can you learn from retailers?

“Within our pin plan we already populate shelf space depending on the segmentation of the customers buying at that store and we cluster stores depending on size and customer demographics. We select brands based on the highest margin and turnover. However, I'd like to know how other retailers manage a category in store as opposed to a category as part of the supply base. And how far should you drive global compliance? Some local variation is necessary to continue to be successful. Some items are non-negotiable, such as the popular Ted Baker brand in UK so I'm not going to pull that to make it globally compliant. At some point I need to know where the line is. I have an idea based on our analytics but how much localisation is necessary?

We have run a pilot in Italy using in-store sensors to try and establish why a customer chooses a particular frame but these trials are at the early stages and we can certainly learn from other retailers.”

How far are you with demand planning?

“We are looking very carefully at the development of demand capability and SC analytics at the moment. It is relatively new capability. We knew inbound was wrong so we focused on fixing that first. Now that is fixed and we know our assortment is the right one, so we can now look at the analytics of sell-outs and drive the engine back again. We also work with trending agencies as well as our suppliers so we create a composite of data. Currently our demand plan is very standard as it is driven by sell-out statistics and campaigns but we are starting to develop the right level of daily analytics to be much more reactive.”

You are optimising current business as well as introducing new markets which has supply chain implications. How do you manage this challenge?

“Most recently, the US and China are good examples of the type of acquisition and development we do. They were purchasing locally and the US has its own manufacturing arm. Through our supply chain we are pushing our exclusive brands (60% of portfolio) and switching these countries over to our contracts and eventually onto the overall platform.

In China we took over a small business and the aim is to grow a different proposition with new stores and to tailor our assortment to meet local trends and the Asian fit regarding frames. It is a slightly different approach to in the US which is an established but small business. Here we looked at the assortment, pulled out what wasn't selling well and pushed in our assortment. Last month we saw significant growth in pilot stores so it seems to be working.”

The industry is very fragmented. How do you benchmark yourselves?

“That's true. Our major competitors are generally local or country based. We can therefore benchmark regionally but we also need to benchmark outside the industry, even outside the retail industry, such as against big multinationals in FMCG who are driving big change in supply chains. We can't copy their way of doing things because it is so different but we can copy their way of thinking, for example, how do they implement S&OP most effectively. For assortment and replenishment purposes we also look at companies such as Zara and Sephora. They are fast followers. How do they manage their replenishment strategy and lead times? What sort of tools, processes and metrics are they using? We try and discuss this informally with them and we hire people with different experiences.”

What is the target for next year?

“The organisation has to really start to move. We have built some beautiful assortments, processes and networks and consolidated the inbound supply chain. Now we need to drive the level of professionalism and compliance to really see the result. It is starting but we need to be relentless in ensuring that we stick to the commitment we made as a company, and that we all collectively stick to the strategy we developed.”

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