

Every Australian or
overseas visitors in
Australia



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Nowadays there is one common activity within every household, which is grocery shopping. Every Australian or overseas visitors in Australia at some point in life or during their visits, they will step within an Australian supermarket to shop. Everyone knows how to do grocery shopping, but what they don't know was the behind the scene works for consumers to do their shopping. This report will evaluate one of the leading Australian supermarkets Coles backgrounds, supply chain structures, quality management, warehousing management, transportations, inventory management, forecasting system and possible future improvements. Background Coles supermarket is recognized to be one of the Australian icons while it is part of the leading food, liquor and convenience retailers.

The first Coles store was founded by George James (G. J.) Coles in the early 1914 in Collingwood, Victoria and it was begin with Coles variety store. Then within less than half a decade, Coles have acquired numerous local supermarket chain stores its expansion have begins its success. Its rapid growth hasn't stop then, within another half a decade, Coles have acquired Myer, Target, Country Road, Red Rooster and opened up the first Kmart discount department stores. Nerveless, apart from Coles acquired various department stores yet it also acquired various liquor companies and renamed its companies as Coles Myer Ltd. Then Coles ambitions have got even bigger, the Coles Myer Ltd acquired Shell Australia and reforms it with Coles Express to sell convenience items and sell fuel while it can offer discount petrol to existing Coles customers. Within that decade, Coles have set up and reform most of its acquired stores, such as opening a 1st Choice Liquor Superstore in Tooronga, Victoria.

In 2007, Coles was acquired by Wesfarmers for over \$20 billion, and it was noted as the largest takeover in the Australian history. (Coles 2012) The Take Over By Wesfarmers In late 2007, Wesfarmers Limited has acquired Coles for over \$20 billion dollars, as they determined to take Coles up to a new phase after the takeovers take place. The year when Coles was successfully claimed by Wesfarmers, they have brought in a new managing director Ian McLeod. The new managing director has numerous experiences around the world with other world known organizations such as Wal-Mart. According to the journalist of The Australian, McLeod had claimed that the minute he accepted his offer on joining the Coles team, he had started to prepare his own list of people who have specific skills or experience to make the new change in Coles possible. (Korporaal 2008, Coles 2012) The Change for Success While the formatting takes place physically within the stores yet McLeod has introduced the new management styles to Coles. Not only have that but Wesfarmers Limited also cooperated with a new organizational structure. McLeod has introduced the mix of democratic and participative management styles.

Within the interviews of the articles, it was shown that McLeod has set up an internal "Ask Ian" function for employees to be able to communicate with McLeod. Not only have that, but the experiences of various departments stores background given McLeod a chance to participate within certain change overs of Coles. The organizational structures of Coles have been reformed by Wesfarmers to the matrix model. The matrix model includes a mix of line and functional organizational structures. Although the structure itself is recognized to be one of the most complex structures amongst the

others yet it is resilient to change. In addition to that, McLeod's team all had their unique skills and experience to deal with various situations, therefore it is best to use both line and functional departments to achieve the best outcome for Coles. (Korporaal 2008, Coles 2012) The New Coles that was reformatted by McLeod and his team was turned out to be a great success. Coles has now reinforced its major customers group to be budgeted households, it gives them great advantage to enhance the power of Coles brand products.

By meaning budgeted households, Coles have researched as most families have struggle preparing meals while not creating a financial crisis for them. Therefore the \$10 dinner campaign along with an Australian known chef was turn out to be a success. Nerveless, the power of the public should not be ignored, as the performance snapshot provided within the Coles community Report have stated it is in record, there are over 18 million customer transactions per week in Australia. Consequently, Coles have employed over 102, 520 team members with 59% permanent employees and 56% female as well as 44% male. The ratio of work was spread as 93. 4% employee's works within the stores and 6. 6% works within the logistics plus store support.

Brands and Products of Coles Since the brought out by Wesfarmers in late 2007, Coles had developed various brands and products.

Currently, under the Coles brand are Coles supermarkets, Bi-Lo supermarkets, Coles Express, 1st Choice Liquor Superstore, Liquorland, vintage Cellars and Spirit Hotels. Not only the brands varieties have increased, but Coles have invested on making quality home brand products which offers more choices and benefit to the public. There are five types of

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Coles products which includes Coles Finest, Coles Brand, Coles SmartBuy, Coles Organic and Coles Green Choice. With the various varieties of products and brands, it is important for Coles to have a sophisticated system to support its supply chain and logistic system. (Coles 2012) Supply chain structure of Coles The supply chain structure is the network of companies or organizations that manufacture and deliver products or services from the source to the customers. (Sandeep and Ashish Kumar, 2007) Coles as the Australia large chain enterprise, has the perfect and flexible distribution system. Compared with other companies, the distribution system of Coles has its unique. It has 52 distribution centres in Australia, according to the sale of goods, and the difference of turn around speed, the distribution is divided into three categories, such as general commodity distribution, groceries and frozen food distribution, and fresh food distribution.

Moreover, it also gives consideration to economy and efficiency requirements for the enterprise. The 26% slower turnaround speed of goods are distributed by the general distribution centre, 70% faster turnaround speed of goods through the rapid distribution centre to processing, another 4% of goods distributed to store by the supplier directly. (Alan 2004) Coles Company is outsourcing its logistics to Lin-Fox Company, and the Lin-Fox Company has more than 1000 suppliers. The supplier delivery to Coles warehouses through the Lin-Fox truck. Supplier and manufacture got goods from packaging supplier by local supply and international supply. Coles buys most of the food and products from the supplier, manufacturers or farmer. Moreover, Coles also has its own production line. Some goods are bought in bulk and stored in big central warehouse.

The responsibility of distribution centre is to distribute goods. The stores place orders and a team picks off the stock and packs them onto cages ready to be loaded onto a truck which then distributed to stores. All stock is run through FIFO (first in, first out) system. Then customers can buy anything goods from stores. Coles also has the online customers, such as when customer online ordered goods before 24 hours, Coles have the delivery service to them. These customers include business customers and private customers. Before 2 years ago, this service also finished by Lin Fox Company, but now Coles has the delivery by its own team.