

HAIFA RETAIL STORES

HAIFA Company LTD is one of the best performing retail store and among the largest employers in East Africa with a chain of retail stores across every major Town. The Company vision has always focused on improving sales, constantly reducing costs, adopting efficient distribution and logistics management systems and using innovative information technology tools. Its performance and phenomenal growth has been hugely attributed to the focus on customer needs and reducing costs through efficient logistics management practices which make it possible to offer a vast range of products at the lowest costs in the shortest possible time. This was possible mainly due to two factors: highly automated distribution centres (which significantly reduced shipping costs and time), and its computerized inventory control system (which speeded up the checking out time and recording of transactions). The company always emphasized the need to reduce its purchasing costs and offer the best price to its customers through procuring goods directly from manufacturers and by passing all intermediaries. The company is known to be a tough negotiator on prices and finalizes a purchase deal only when it was fully confident that the products being bought were not available elsewhere at a lower price. The company has a team of qualified, certified and registered procurement and supplies experts who normally spent significant amount of time meeting vendors and understanding their manufacturing cost structure. This has enabled the company to solicit competitive procurement deals and be able to establish long- term relationship with the vendor.

Business Review Journal shows that HAIFA Company LTD had over 400 retail centres located at different geographical locations across the East Africa and over 80,000 items were stocked in these centres. HAIFA Company LTD own warehouses directly supplied 85% of the inventory, as compared to 50-65% for competitors and according to rough estimates the company was able to provide replenishments within two days (on an average) against at least five days for competitors. The retail centres spread across every major bus stop are divided into different sections on the basis of the quantity of goods received and managed the same way for both cases and palletized goods. The inventory turnover rate is very high, about once every two weeks for most of the items and the company warehouses ensure a steady and consistent flow of products to support the supply function. The integration of sophisticated barcode technology and hand-held computer systems has highly rejuvenated the logistics practices and the management of warehouses as well as the

retail centres has become easier and more economical. The employees have access to real-time information regarding the inventory levels of all the products in the warehouses and retail centres as well as their location across the shelves and bins in the warehouse or retail centre. This has simplified order picking and processing, save time on unnecessary paperwork, increase service level to consumers and satisfaction, improve level of efficiency.

An important feature of HAIFA Company logistics infrastructure is its fast and responsive transportation system. The warehouse and retail centres are served by more than 500 company owned trucks. These dedicated truck fleets allowed the company to ship goods from the distribution centres to the stores within two days and replenish the store shelves twice a week. The truck fleet was the visible link between the stores and distribution centres. To make its distribution process more efficient, the company made use of a logistics technique known as 'cross-docking' where by the finished goods are directly picked up from the manufacturing plant of a supplier, sorted out and then directly supplied to the customers. The system reduced the handling and storage of finished goods, virtually eliminating the role of the distribution centres and retail stores.

Furthermore, HAIFA Company invested heavily in information and communication technology systems to effectively track sales and merchandise inventories in stores across the countries. The company was able to reduce unproductive inventory by allowing stores to manage their own stocks, reducing pack sizes across many product categories, and timely price mark downs. Instead of cutting inventory across the board, the company made full use of its ICT capabilities to make more inventories available in the case of items that customers wanted most, while reducing the overall inventory levels. Also, the company entered into collaboration and networked with suppliers through electronic data interchange and built an automated re-ordering system, which linked all computers between suppliers and its retail stores as well as distribution centres. The kinds of collaboration made allowed HAIFA Company to monitor its inventory stock levels in the stores constantly and also identify the fast moving items.

The order management and store replenishment of goods were entirely executed with the help of computers through the Point-of-Sales (POS) system. Through this system, it was possible to monitor and track the sales and merchandise stock levels on the store shelves.

The company also made use of the sophisticated algorithm system which enabled it to forecast the exact quantities of each item to be delivered, based on the inventories in each store. Since the data was accurate, even bulk items could be broken and supplied to the stores. Bar coding and radio frequency technology were used accordingly to track and manage inventories. Using bar codes and fixed optical readers, the goods could be directed to the appropriate dock, from where they were loaded on to the trucks for shipment. Bar coding devices enabled efficient picking, receiving and proper inventory control of the appropriate goods. It also enabled easy order packing and physical counting of the inventories across the retail stores and distribution centres.