

Building a sustainable procurement strategy

By [Rebecca Byfield](mailto:rebecca.byfield@aussieicon.com) | September 26, 2013

How Collins Food is creating a better supply chain

Leading restaurant company Collins Food is looking to the future as it builds a more sustainable procurement and supply chain strategy.

The company operates 122 KFC outlets throughout Queensland and Northern NSW, as well as 27 Sizzler restaurants.

Rebecca Byfield talks to Collins Food Chief Supply and Information Officer John Hand on the challenges they face in such a fast-paced industry.

“When I joined Collins back in 1990, the Internet was virtually non-existent. So was electronic invoicing. Back then, everything was done manually,” says Hand.

With so many invoices coming in, it was vital the company develop an electronic strategy, which includes reducing the number of suppliers.

“We couldn’t keep dealing with so many vendors. We needed to consolidate.”

Other key elements of their electronic strategy include bidding on lowest total cost not just lowest price, and capitalising on IT.

That means getting rid of customers who can’t handle electronic orders and invoicing.

“Collins owns KFC stores. That means we order a lot of chicken. Now everything is electronic. It goes straight into the system. It’s all very immediate.”

As a high volume business, Collins strategies need to cover the entire supply chain – from the corporate office right through to the restaurants – which is vital in keeping costs down and the company competitive.

“Right now, our transaction level details can track purchases made in restaurants down to the minute, which means I can tell you what someone purchased in one of our restaurants 30 seconds ago.”

Hand says he manages relationships with suppliers by protecting what they need and ensuring they are paid on time every time.

“If you’re a supplier for Collins Food, you know what is expected, and you know you’re going to get paid. That’s the basis of a successful relationship.”

Hand also sits on the KFC National Supply Chain, which means he’s also looking to the future, updating strategies to meet the whole business, not just their piece of it.

“We never stop questioning what we do and never accept that the status quo is good enough. We have benchmarking in place, as well as external reviews. In fact, we just had a large international company do an external review on our supply chain to see what areas we need to address.”

He says it’s vital that supply chain managers listen to their suppliers and know what is affecting the market.

“Food safety is paramount to us. We serve 55 million meals a year.”

It is not enough for sustainable supply chain and procurement strategies to stand-alone. They must support the whole business plan and be tailored to the characteristics of the company.

So what’s does Hand see in the future for supply chains?

“Data is everything. Even our restaurants have now joined the Cloud.”