

JOINT RESEARCH PROJECT BY:



Cardiff Business School  
Ysgol Busnes Caerdydd



INITIAL DRAFT FOR REVIEW

# MATURITY MODEL

## BE FRESH, SELL MORE AND WASTE LESS

FOOD WASTE REDUCTION THROUGH RETAILER/  
SUPPLIER COLLABORATION

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### AUTHORS

Jane Lynch, Cardiff Business School  
Dr. Sandra Transchel, KLU Logistics  
Colin Peacock, ECR Europe Shrink and On Shelf Availability Group  
John Fonteijn, Ahold Delhaize  
Rainer Muench, Oliver Wyman  
Dustin Wisotzky, Oliver Wyman

# Developing a Maturity Model – Be fresh, sell more and waste less

## Background

Reducing food waste has been declared a priority by the consumer, and in turn, the retailers and fresh suppliers that serve them.

To deliver the changes, at the pace demanded by the consumer and declared by the industry, requires all actors participate in a corporate wide approach that starts at the top of the organisation and the C Suite. There is much that each actor can do their own to better manage waste, for example, reducing the waste sent to landfill or by donating to charity their excess product. However, arguably the bigger opportunity is to prevent food waste in the first place by “designing it out”. Some examples of where better design [of forecasts, pack sizes, etc.] could reduce food waste include:

- Improved product design, more flexible quality standards and shelf life extension
- Packaging that withstands the journey to the store and minimum ship case sizes in line with rate of sale and shelf life
- More responsive supply chain design, with shorter lead times and more consistent temperature controls
- Better order forecasting, especially promotions, and reduced assortment
- Shelf displays that give the impression of abundance but with shelf quantities that are in line with rate of sale

None of these can be delivered in isolation, and to unlock the waste created by “bad” design, all internal and external stakeholders will need to work together better.

This is easier said than done, and this is evidenced by the practitioners themselves who openly shared their frustrations at recent ECR workshops. It’s also clear that there are some real barriers to collaboration, some retailers and fresh suppliers do not see how investing time and effort in collaboration can generate a return, some cannot imagine how they can move away from a traditional adversarial relationship to one that is more open and trusting, and then there are some practicalities such as the buyers at retailers or account managers for fresh suppliers having enough free capacity and time to dedicate to the managing of collaborative relationships with their many fresh suppliers and customers. These, and other barriers need to be identified and then broken down if the industry is to move to the state of better collaboration anticipated by its senior leaders.

Consistent with its mission to be the flagship for collaboration, the ECR Community Shrink & OSA group intends to partner with academia, industry experts and their members to “shine a bright light” on this problem of poor collaboration, and to develop a framework that describes the key dimensions of collaboration. This framework will articulate the differences between a level of collaboration that could be labelled as “under developed” to one that could be labelled “fully developed”. Such frameworks are known more commonly as maturity models.

## *Towards a Maturity Model for collaboration on food waste reduction for retailers and fresh suppliers.*

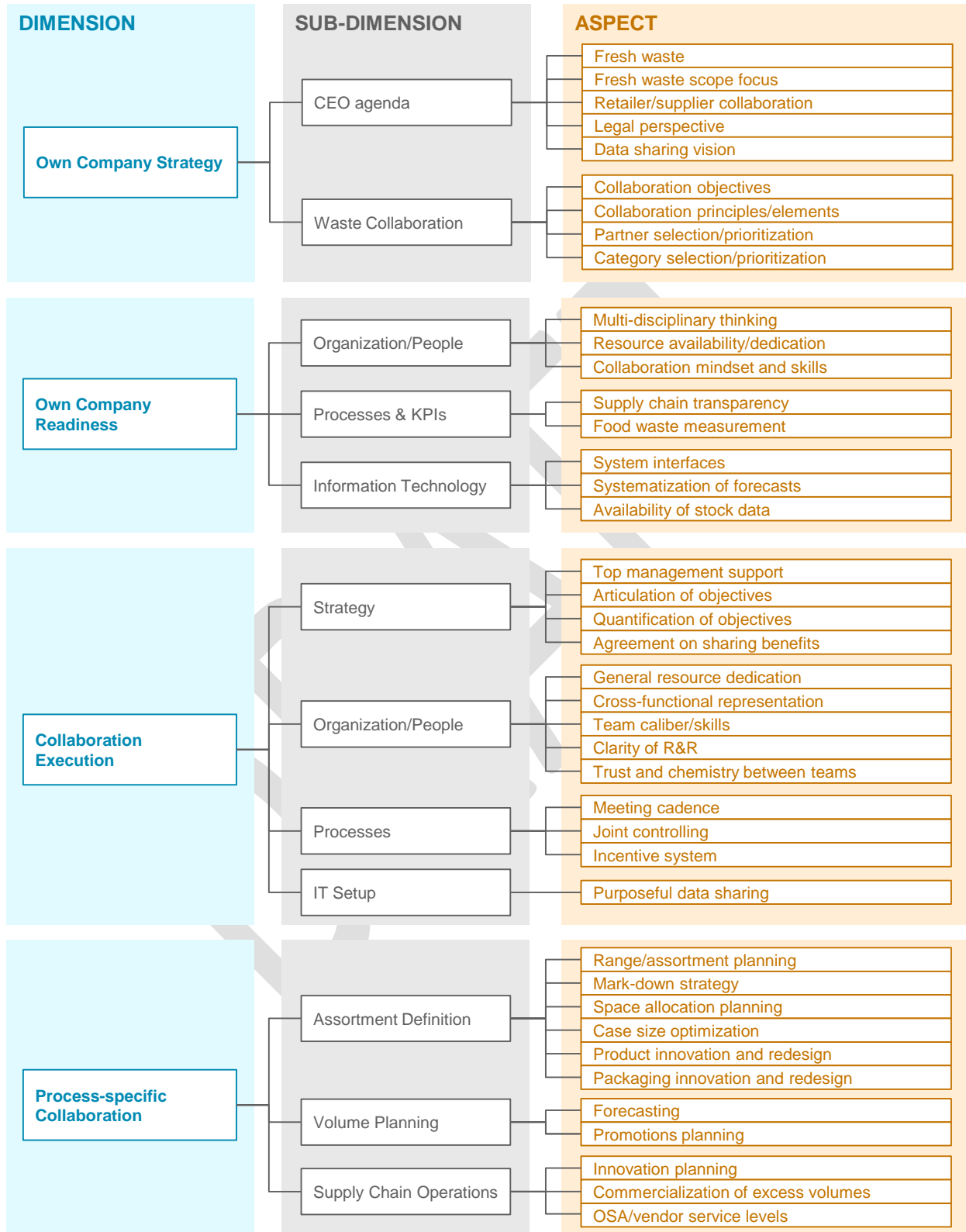
Maturity models serve two main purposes, first they act as a practical tool that can help collaborative partners align on the current state of their collaborative relationship across several dimensions. This can help retailer and supplier partnerships identify how, should they choose, they could advance their collaboration to the next level and what that different stage looks like. Secondly, they can be a tool for individual organisations to self- assess their current relationships with their partners. While there are published maturity models in the public domain, they relate to other initiatives such as CPFR. There is also a new ISO standard on Collaborative Relationships. Both can be instructive, however given the scale of ambition afforded to collaboration in pursuit of food waste, there is a big opportunity to create a maturity model that could inform and guide collaborative working on food waste reduction.

The Consumer Goods Forum (the CGF) today [24<sup>th</sup> June 2015] announced its commitment to tackling the global food waste challenge by agreeing to halve food waste within the operations of its 400 retailer and manufacturers members by 2025.

Food waste is a collective challenge in which all stakeholders must take action. Georges Plassat, Chairman and Chief Executive Officer, Carrefour.

“As the world’s largest grocer, we are concerned with reducing food waste from farm to fork. We have made significant progress in our own operations and have broadened our efforts to working with supplier and customers to reduce food waste at every state of the supply chain” – Doug McMillon, President and CEO, Walmart Stores, Inc.

# Dimension overview



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# Maturity assessment

<b>Legend:</b>	<b>D</b>	Description
	<b>I</b>	Indicators
	<b>M</b>	Maturity

## 1 Own Company Strategy

### 1.1 CEO agenda

#### 1.1.1 Fresh waste

<b>D</b>	Consideration of produce effectively thrown away
<b>I</b>	Public statements, association activities, etc.
<b>M</b>	0 = not relevant at all
	1 = hardly relevant
	2 = somewhat important
	3 = important
	4 = very important

#### 1.1.2 Fresh waste scope focus

<b>D</b>	Extent of the supply chain that is considered in the context of food waste
<b>I</b>	Public statements, upstream and downstream activities, etc.
<b>M</b>	0 = not considered
	1 = only own reach
	2 = own reach and downstream
	3 = full chain
	4 = full chain incl. prevention

#### 1.1.3 Retailer/supplier collaboration

<b>D</b>	Collaboration between retailer and supplier to reduce food waste
<b>I</b>	Number of cooperations, public statements, press releases
<b>M</b>	0 = not relevant at all
	1 = hardly relevant
	2 = somewhat important
	3 = important
	4 = very important

#### 1.1.4 Legal perspective

<b>D</b>	Legal restrictions/requirements in the context of food waste
<b>M</b>	0 = not relevant at all
	1 = hardly relevant
	2 = somewhat important
	3 = important
	4 = very important

#### 1.1.5 Data sharing vision

<b>D</b>	Mid- to long-term goal of systematic data exchange to drive more informed decision making
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

### 1.2 Waste Collaboration

#### 1.2.1 Collaboration objectives

<b>D</b>	Objectives pursued by collaboration between retailer/supplier
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

#### 1.2.2 Collaboration principles/elements

<b>D</b>	Key principles or elements of collaboration between retailer/supplier
<b>M</b>	0 = n/a
	1 = existent, but unstructured
	2 = somewhat structured
	3 = well-structured
	4 = well-structured and aligned

### 1.2.3 Partner selection/prioritization

<b>D</b>	The way partner prioritization and selection is defined and conducted
<b>M</b>	0 = n/a
	1 = existent, but unstructured
	2 = somewhat structured
	3 = well-structured
	4 = well-structured and aligned

### 1.2.4 Category selection/prioritization

<b>D</b>	The way category prioritization and selection is defined and conducted
<b>M</b>	0 = n/a
	1 = existent, but unstructured
	2 = somewhat structured
	3 = well-structured
	4 = well-structured and aligned

## 2 Own Company Readiness

### 2.1 Organization/People

#### 2.1.1 Multi-disciplinary thinking

<b>D</b>	Optimization across functions without barriers or silos
<b>M</b>	0 = strong silos/barriers
	1 = weak silos/barriers somewhat existent
	2 = multi-disciplinary thinking encouraged
	3 = multi-disciplinary thinking actively fostered
	4 = multi-disciplinary thinking actively fostered and incentivized

#### 2.1.2 Resource availability/dedication

<b>D</b>	Quantity and quality of human resource
<b>M</b>	0 = n/a
	1 = hardly available
	2 = availability team-specific
	3 = good availability
	4 = very good availability and actively improved

### 2.1.3 Collaboration mindset and skills

<b>D</b>	Collaborative culture, among employees across all functions
<b>I</b>	Training offer
<b>M</b>	0 = n/a
	1 = hardly available
	2 = availability team-specific
	3 = good availability
	4 = very good availability and actively improved

## 2.2 Processes & KPIs

### 2.2.1 Supply chain transparency

<b>D</b>	Transparency of KPIs along the supply chain
<b>M</b>	0 = n/a
	1 = hardly available
	2 = transparency topic-specific
	3 = good transparency
	4 = E2E on cost and time

### 2.2.2 Food waste measurement

<b>D</b>	Assessment of degree and causalities of food waste
<b>M</b>	0 = n/a
	1 = hardly available
	2 = transparency topic-specific
	3 = good transparency
	4 = E2E on cost and time

## 2.3 Information Technology

### 2.3.1 System interfaces

<b>D</b>	Degree of cross-linkage for seamless interaction between systems
<b>M</b>	0 = n/a
	1 = largely manual
	2 = somewhat automated
	3 = simple automated approaches
	4 = state-of-the-art

### 2.3.2 Systematization of forecasts

<b>D</b>	Professionalization of forecasting algorithms and utilization across the supply chain
<b>M</b>	0 = n/a
	1 = largely manual
	2 = somewhat automated
	3 = simple automated approaches
	4 = state-of-the-art

### 2.3.3 Availability of stock data

<b>D</b>	Integrity and timeliness of stock data
<b>M</b>	0 = n/a
	1 = largely manual
	2 = somewhat automated
	3 = simple automated approaches
	4 = state-of-the-art

## 3 Collaboration Execution

### 3.1 Strategy

#### 3.1.1 Top management support

<b>D</b>	Buy-in and prioritization by top management
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

#### 3.1.2 Articulation of objectives

<b>D</b>	Clarity of objectives and associated communication
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned



### 3.1.3 Quantification of objectives

<b>D</b>	Tangible and measureable objectives commonly agreed
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

### 3.1.4 Agreement on sharing benefits

<b>D</b>	Clarity of benefit allocation to involved parties internally as well as with third parties
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

## 3.2 Organization/People

### 3.2.1 General resource dedication

<b>D</b>	Level of employee buy-in
<b>M</b>	0 = n/a
	1 = hardly available
	2 = availability team-specific
	3 = good availability
	4 = very good availability and actively improved

### 3.2.2 Cross-functional representation

<b>D</b>	Degree of cross-functional involvement in collaboration
<b>M</b>	0 = n/a
	1 = heavy focus on individual functions
	2 = focus on individual functions
	3 = function mix depending on topic
	4 = balanced function mix

### 3.2.3 Team caliber/skills

<b>D</b>	Qualification and professionalization of teams
<b>M</b>	0 = n/a
	1 = hardly available
	2 = availability team-specific
	3 = good availability
	4 = very good availability and actively improved

### 3.2.4 Clarity of R&R

<b>D</b>	Level of guidance and tangibility provided by rules and regulations
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

### 3.2.5 Trust and chemistry between teams

<b>D</b>	Quality of cross-team exchange and mutual trust
<b>M</b>	0 = n/a
	1 = hardly available
	2 = availability team-specific
	3 = good availability
	4 = very good availability and actively improved

## 3.3 Processes

### 3.3.1 Meeting cadence

<b>D</b>	Frequency of and discipline of joint meetings
<b>M</b>	0 = n/a
	1 = erratic
	2 = regular, but infrequent
	3 = regular, with good frequency
	4 = frequent, with flexibility to adapt to demand

### 3.3.2 Joint controlling

<b>D</b>	Commonly defined KPIs reported in shared reporting ("open book")
<b>M</b>	0 = n/a
	1 = hardly available
	2 = transparency topic-specific
	3 = good transparency
	4 = E2E on cost and time

### 3.3.3 Incentive system

<b>D</b>	Shared incentive system supporting aligned behaviour and common goals (e.g. total cost view of buyers)
<b>M</b>	0 = n/a
	1 = existent, but unclear
	2 = somewhat clear
	3 = clear
	4 = clear and aligned

## 3.4 IT Setup

### 3.4.1 Purposeful data sharing

<b>D</b>	Exchange of pre-defined data sets with clear expectation of utilization and outcome
<b>M</b>	0 = n/a
	1 = sporadic data sharing
	2 = sharing of few defined data sets
	3 = regular sharing of fixed data sets
	4 = regular sharing of fixed data sets and timely feedback of outcome

## 4 Process-specific Collaboration

### 4.1 Assortment Definition

#### 4.1.1 Range/assortment planning

<b>D</b>	Consideration of food waste in joint category planning, e.g. joint market research
<b>M</b>	0 = not considered at all
	1 = hardly considered
	2 = somewhat considered
	3 = considered
	4 = explicitly considered and reflected in optimization models

#### 4.1.2 Mark-down strategy

<b>D</b>	Joint mark-down strategy to be converted in short-term routines to reduce food waste
<b>M</b>	0 = not considered at all
	1 = hardly considered
	2 = somewhat considered
	3 = considered
	4 = explicitly considered and reflected in optimization models

#### 4.1.3 Space allocation planning

<b>D</b>	Joint development of planograms, e.g. in shared format/tools/etc.
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

#### 4.1.4 Case size optimization

<b>D</b>	Joint evaluation and adjustments of trade units
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

#### 4.1.5 Product innovation and redesign

<b>D</b>	Joint product innovation process from idea to launch
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

#### 4.1.6 Packaging innovation and redesign

<b>D</b>	Joint packaging innovation process from idea to launch
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

### 4.2 Volume Planning

#### 4.2.1 Forecasting

<b>D</b>	Joint forecasting through combination of available information
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

#### 4.2.2 Promotions planning

<b>D</b>	Joint promo planning, from long-term scheduling to short-term communication of order quantities
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

### 4.3 Supply Chain Operations

#### 4.3.1 Innovation Planning

<b>D</b>	Joint innovation planning, operations setup to volume forecasts
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

#### 4.3.2 Commercialization of excess volumes

<b>D</b>	Joint short-term commercialization of excess quantities due to seasonality or the like
<b>M</b>	0 = n/a
	1 = selective exchange of outcome
	2 = selective consideration of mutual input
	3 = joint process
	4 = joint and clearly structured process, common routines

#### 4.3.3 OSA/vendor service levels

<b>D</b>	Level of E2E consideration of OSA/SLA impact on total waste and respective optimization
<b>M</b>	0 = not considered at all
	1 = hardly considered
	2 = somewhat considered
	3 = considered
	4 = explicitly considered and reflected in optimization models



Oliver Wyman GmbH  
Muellerstrasse 3  
80469 Munich  
Germany