

# SAPICS conference offers papers on 'Design for Change'

The Association for Operations Management of Southern Africa (SAPICS) will hold its annual conference from 2-4 June 2013 at Sun City. Imperial Logistics is offering papers on factory gate pricing (FGP) and integrated supply chain management (ISCM), as part of the conference theme, 'Design for Change'.

FGP represents a new way to cut costs in the retail supply chain. Riaan Cronje, commercial director at Imperial Logistics group company Broco Logistics Management Solutions, will present an examination of the drive behind this often-controversial concept - and its potential for African retailers. He will examine case studies of successful international FGP retail implementations and apply the knowledge to the South African retail market.

"The intent is to provide a practical overview for the retailer, manufacturer and logistics service provider (LSP) on the principles and challenges of FGP, with specific focus on preparing their own environment for the roll-out," he explains.

FGP is defined as the actual cost of manufacturing goods before any additional charges are added to give a profit. The factory gate price includes direct costs such as labour, raw materials and energy, and indirect costs such as interest on loans, plant maintenance and rent.

"It's a new avenue for cost savings by retailers, who would take control of and optimise inbound transport from factory to distribution centre, but it requires major changes in planning, execution, control and trust, and there are still many questions to be answered," Cronje cautions.

"Questions such as what is the real potential of FGP to the retailer? Can retailers provide primary transport at a lower cost than the manufacturer, or does it include much more than just transport? How will the manufacturer deal with multiple retailer FGP implementations within an existing infrastructure?"

Cronje will share his insights on these questions and other FGP issues - including the importance of inventory control, understanding transport cost and the significance of real collaboration between retailers, manufacturers and the respective LSPs involved. "Delegates should be able to use the information in preparing for FGP discussions, irrespective of supply chain partner positioning."

## ISCM presentation

Imperial Logistics chief integration officer, Cobus Rossouw will share the intriguing findings of the investigation into the status of ISCM within South African organisations and the role the function occupies in the contemporary business.

"Over the last decade, ISCM has been recognised as an essential driver for business success and increased competitive

advantage within South African organisations," Rossouw comments. "The goal of this presentation is to provide insight into the findings of the investigation into the current status and role of ISCM within 31 South African organisations operating within the retail and manufacturing sector. The presentation will highlight best practices and strategies being applied and the gaps that South African organisations are dealing with."

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