Drive Business Growth thru external Supply Chain Partners

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Agenda

• P&G Sub Sahara – Why do we need External Supply Chain Partner

• External Supply Chain Partner
  – Assessment Process
  – Training and Qualification Process
  – Master Plan

• Reaplication
Who We Are
Africa Population is big and growing fast

<table>
<thead>
<tr>
<th></th>
<th>Africa</th>
<th>Sub-Sahara</th>
<th>Brazil</th>
<th>Russia</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pop (2012)</td>
<td>1.1</td>
<td>0.8</td>
<td>0.2</td>
<td>0.1</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Pop (2050)</td>
<td>2.3</td>
<td>2.1</td>
<td>0.2</td>
<td>0.1</td>
<td>1.7</td>
<td>1.3</td>
</tr>
</tbody>
</table>

% of Global Population

Current picture and forecast

- **Fast**: Sub-Saharan Africa grows 2x > BRIC
- **Big**: by 2050, 1 out of 4 people will live in Africa
- **Young**: 41% under 20, vs. 25% for BRIC
Retail Market has almost 2 million stores

Ubiquitous Traditional Trade:
• over 600,000 stores in Nigeria alone
• ca. 150,000 in Kenya, Ethiopia

Modern Retail emerging:
ca. 8,000 modern stores by 2015

Modern Trade role:
• Learn about news brands
• Buy imported brands, “sure” quality
• Fun family week-end outing
My story about Themba
Why drive Capability

Inventory - Efficient

Cost - Efficient

Availability - Effective
Logistics Capabilities Process

- Assess Capabilities
- Measure Business Impact
- Train – 70/20/10
- Qualify Trainees
Logistics Capabilities

Warehousing & Inventory Management

Customisation & Manipulation

Importation & Custom Clearance

Transportation

Replenishment Process

Demand Planning and Forecasting
This assessment tool is intended to be used internally for P&G to assess Distributor’s capability. It may not, either in part or in whole be shared with the Distributor. Most of the assessment questions below can be answered using current or previous GDA assessments.

<table>
<thead>
<tr>
<th>Area</th>
<th>Capability Level</th>
<th>Details</th>
<th>Definition / Checkpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation capacity planning</td>
<td>Basic</td>
<td>Does the distributor have the capability to perform Capacity Planning</td>
<td>through Tools to check off-loading/loading/shipping capacity assessment?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have their own fleet ? Does the distributor have</td>
<td>competitive commercial agreements with transportation companies ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to develop truck sourcing</td>
<td>strategies ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have a solid BCP ?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to develop fleet utilization</td>
<td>improvement strategies ?</td>
</tr>
<tr>
<td>Transportation weekly / Daily planning</td>
<td>Basic</td>
<td>Does the distributor have the capability to plan trucks needed in</td>
<td>relation to orders ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to generate weekly / daily</td>
<td>transportation plans based on shipping / receiving points capacities?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to measure plan compliance ?</td>
<td></td>
</tr>
<tr>
<td>Transportation operation execution</td>
<td>Basic</td>
<td>Does the distributor have the capability to check and inspect trucks for</td>
<td>safety regulations ? What is the compliance level ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to check and inspect trucks for</td>
<td>quality requirements ? What is the compliance level ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to perform load optimization</td>
<td>analysis and develop strategies to maximize VFR ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to track compliance versus daily</td>
<td>plan ? Quantify impact on overnights and cost ?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to track transportation KPI</td>
<td>score card by lane / route and provide solid gap analysis and action plans?</td>
</tr>
<tr>
<td></td>
<td>Basic</td>
<td>Does the distributor have the capability to forecast his transportation</td>
<td>cost ? Does he have budget tracking capability ?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scoring Key</th>
<th>Logic</th>
<th>Indicated Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Score</td>
<td>33%</td>
<td>Fully Capable, can proceed to next service</td>
</tr>
<tr>
<td>Advanced Score</td>
<td>0%</td>
<td>Quick action plan to fix Advanced services needed to proceed to next service</td>
</tr>
<tr>
<td>Total Assessment</td>
<td></td>
<td>Comprehensive Action plan and focus to improve capability; do not proceed to another service</td>
</tr>
</tbody>
</table>
Logistics Capability Assessment

- Overall big variation across all markets
Logistics Capabilities

- Warehousing & Inventory Management
- Transportation
- Replenishment Process
- Demand Planning and Forecasting
- Importation & Custom Clearance
- Customisation & Manipulation
2. Role of Inventory in the supply network

Inventory Life Cycle

Inventory has a natural life cycle which coincides with a new products life cycle and generally falls into the broad categories of:

1. **Create and prepare the organization to ship** – develop idea, design product, build capability, pre-build inventories.
2. **Actively shipping product to customers** – produce and ship based on demand.
3. **Phase out to complete disposal** – remnant, disposal.

![Inventory Life Cycle Diagram]
Inventory Management Theory

Inventory should be maintained to provide the best balance between cost and service.

Inventory Management is built on 4 pillars:

1. Supply Network Design
2. Supply Capability
3. Planning Capability
4. Operational Excellence
External Partner
University
The Objectives of Measuring Forecast Accuracy

To improve on the demand planning process and results
  – What and how can we measure to improve the very thing we are measuring – forecast accuracy

To communicate accuracy for product Supply Planning and Business Planning
  – Ensure we are able to proactively prepare for big swings in demand and hold the right inventory down to SKU level thus support the business priorities.

Make the results relevant to all the data consumers
  – By using standard measures, we are able to identify areas of improvement and call out trends in the commercial plans.

To improve on inventory management
  – Understanding the business growth plans will enable us to proactively adjust our stock levels to meet the demand
What’s Next

- Define Logistics Process
- Assess capabilities
- Train and qualify

= Improved results