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JUNE 2008**SUPPLY CHAIN MANAGEMENT****Retailers Respond to Challenge of Global Sourcing of Goods****GMA Appeals to Congress to Upgrade Food Safety****Streamlining Logistics Helps to Offset High Fuel Costs****Retailers Respond to Challenge Of Global Sourcing of Goods**

Retailers are looking for ways to improve their supply chain processes and better collaborate with suppliers to protect consumers from unsafe imports and bring ethically produced goods to the marketplace.

Such actions are essential today because global sourcing and private label programs are moving to the top of many executive agendas as viable strategies to reduce costs, improve customer loyalty, and shore up operations during recessionary times. However, supply chain officials believe that these strategies also introduce new challenges, especially those associated with product quality and regulatory compliance. As retailers reach out to new offshore suppliers for lower cost goods, they are well served to take the time to effectively shape and manage these new trading relationships.


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Commentary

What's New?

“Today’s retailers work with an increasing number of overseas suppliers and factories, which is limiting their visibility into operations due to geographic, language and time zone differences,” says Jane Biddle, vice president of U.S. operations for Eqos Inc., provider of on demand PLM, global sourcing and supplier management solutions for the retail supply chain. “As a result, the risk of unsafe products being delivered to store shelves continues to be a significant concern to retailers, who today are held more accountable than ever before for the quality and safety of the products they offer customers”

One challenge is that in sourcing more and more grocery and general merchandise products from far off parts of the world, retailers risk losing control and visibility over their partner/ supplier network.

One example of a retailer addressing this global sourcing challenge is Tesco, the world’s third largest retailer, commanding more than 30% of the UK grocery business and expanding store operations around the globe. Tesco has successfully deployed Eqos’ technology to help the company maintain important product safety and ethical sourcing practices.

Eqos sourcing provides Tesco with full business process support for private label and branded merchandise from product design, through supplier negotiations, and contract. By providing critical path management and a single data repository, the solution is enabling standardized processes across all Tesco sourcing hubs, comprised of 11 international offices spanning 14 countries across the globe.

Tesco uses the solution to manage its corrective action program, helping to improve collaboration among its international sourcing offices and their suppliers. As a result, Tesco is meeting and exceeding its social responsibility goals that are an important component of its overall corporate mission.

Meanwhile, other retailers continue to manage business communications and trading transactions with a series of manual and semi-manual processes supported by spreadsheets, and customized systems. Defining and



deploying best practices across the company and its extended supply chain network requires a single technology platform, technology-enabled suppliers, and the ability to proactively manage critical-path processes.

Quality and compliance technologies that allow retailers to set standards and ensure they are being met in factories around the globe are among today's effective means of helping retailers address their quality and compliance challenges. Properly deployed, these technologies aim to streamline global sourcing processes, thus improving lead times, removing unnecessary costs, and ensuring that only quality products are delivered to the end consumer.

Clearly, retailers and their supply chain partners must be able to identify and respond to quality and compliance problems before they become major issues for the company/brand and for the market. Eqos' customers are tackling compliance issues head-on, and therefore not only meeting consumer expectations, but also decreasing the possibility of negative headlines.

Eqos solutions enable retailers to set standards for global sourcing processes and product quality across multiple categories from general merchandise, to food, to hardlines and apparel. A leading provider of PLM, global sourcing and supplier management solutions, Eqos helps in excess of 15,000 users in over 55 countries to manage more than \$50 billion worth of inventory for the world's largest, most recognized global retailers, including Tesco, H-E-B, Sainsbury's, Michaels, and Edcon (South Africa's leading retailer).