



A Benchmarking Success Supply Chain Performance Case Study

Reid Stockfeeds used the Government Sponsored *Benchmarking Supply Chain Performance* program to better understand its operations and focus its improvement strategies. The benchmarking study was performed by Benchmarking Success as the sole provider of benchmarking services for this program.

Planning success for future years

Reid Stockfeeds is a regional success story. Established by Ian and Rosli Reid 20 years ago, the business is now Victoria's largest independent manufacturer and supplier of dairy and intensive animal stockfeed.

It has grown from a family business into a thriving medium-sized enterprise with 44 employees, providing 100,000 tonnes of stockfeed to 500 farms throughout the Goulburn, Murray Valley and Gippsland regions.

The company sources primary ingredients for its value-added feeds, which include custom mixes, from as far away as Queensland and Western Australia, and manufactures on a 'just in time' basis at two mill locations.

Renowned for its customer service, Reid Stockfeeds was a finalist in the 2002 Telstra Small Business Awards and in 2003 won the Campaspe Economic Development Board's Business of the Year award.

The willingness of Reid Stockfeeds to seek expert external business advice is a key to its success and growth. It jumped at the chance to participate in the Victorian Government's *Benchmarking Supply Chain Performance* program. Reid Stockfeeds completed the Benchmarking Success Customer Order Fulfilment and Supply Chain Diagnostic (COFS™) . A Strategic Supply Chain Audit (SCAR™) Report was then prepared and presented to Reid's management team.

"While we were confident we would compare well with best supply chain practices, it was really a guess because we'd never benchmarked – largely because standards are unavailable in our industry," explained company accountant, Andrew Snowdon.

"Participating in the program gave us the opportunity to assess our performance against a large range of businesses which shared similar supply chain operations."

The company met with a specialist supply chain consultant, who provided a questionnaire asking about its costs, infrastructure, processes and performance of different supply chain components.

"The majority of questions were easily answered, but we'd never thought of some and so found ourselves analysing our supply chain costs and performance more than we'd ever done before."



The company received a detailed report from the consultant comparing the performance of its supply chain against 154 manufacturing and distribution companies. The consultant helped guide management through the findings, suggesting ideas and actions for the future.

“The more we studied and understood the results of the questionnaire, the more valuable they became as a business tool,” Andrew said.

“It was terrific to confirm we measured up to best practice in many areas, but there were a few surprises. While the study identified performance gaps we knew about, we realised some were having a greater impact than we thought.

“A good example is our onsite storage facilities. We knew improving these would help improve our transport efficiency but we’d been putting it off. The study motivated us to focus on addressing this, because we can now see it will pay for itself in a few years.”

A few months down the track, Reid Stockfeeds says participating in the *Benchmarking Supply Chain Performance* program was ‘well worth it’. The program continues to positively impact on its business planning and operations.

“We’ve confirmed our strengths and understand our supply chain better, and we’re motivated to keep looking for improvements,” Andrew said.

“Whereas we realised we had previously adopted an ‘all round’ approach for making improvements, we’ve changed that to focusing on improving the parts of our supply chain that will achieve the biggest benefits.”

The program has prompted the company to focus more on getting the right balance between supply chain costs and service delivery. This includes motivating some farmers to change their behaviour to increase supply chain efficiency without affecting customer loyalty.

“We needed to make some conscious decisions. For example, while we know contracting our feed delivery services would achieve a saving, our drivers provide a regular contact with farmers,” Andrew said.

“The relationships they build and customer feedback they bring back is valuable, so the higher cost is well worth it. It’s an important part of the service we provide and breeds customer loyalty.

“On the other hand, we previously accepted a small number of customers would contact us at the last minute for feed supplies and we disrupted our normal manufacturing and delivery operations to respond to them.

“We’re now considering ways to motivate these customers to alert us earlier.”

The company has increased its supply chain information gathering and analysis since participating in the program. While this means a little more work for management, they’re confident the more knowledge they have about their supply chain will help Reid Stockfeeds continue to grow and be a leader in its industry.