



# Drop & Drive Claims Workgroup



Performance Improvement



Benchmarking & Insights



Best Practice Workshops

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## Overview

Before the collaborative workgroup pioneered by Simply Supply Chain, drop and drive unsubstantiated discrepancies were costing UK chilled suppliers millions (for the 20 original group members, c£15M p/a). Depot errors, poorly labelled goods plus lack of any auditable retailer systems led to tens of thousands of cases of chilled grocery items being claimed as short delivered every week. With no way of proving otherwise, suppliers ended up facing endless calls and paperwork, just to be left unpaid for goods they had delivered.

Six years of collaboration and the Drop & Drive Claims Workgroup has delivered an 85% reduction in these unsubstantiated claims through process improvement, with numerous positive impacts on workload, stress and job satisfaction too.

The initiative has achieved these huge savings by working with suppliers and retailers alike to deliver innovative win-win solutions across the board, from simple and effective labelling, GFR (Good Faith Receipting) and independent auditing. The result is many members reporting their losses reducing by 90%, giving the Drop and Drive Claims Workgroup a 9.7 / 10 satisfaction rating in our 2020 survey.

*“Drop and drive discrepancies are still costing [UK] suppliers hundreds of millions a year. Progress on an industry-wide solution has become ‘painfully slow.’”*

The Grocer Magazine

**The Grocer**

*“You could supply 100%, and yet a certain percentage was removed from your payment because it was claimed ‘not received’. This was an ‘invisible tax’.”*

Steven Smith, Eurilait

**EURILAIT**  
YOUR SOLUTION FOR SPECIALITY DAIRY

*We had unsubstantiated losses in excess of £1,000 per WEEK – straight off the bottom line. Our teams would be making up to 10 calls-a-day. It felt like hitting our heads against a wall.”*

Martin Young, Wyke Farms

**WYKE**  
FARMS

## The Mission

At the start of 2014 with a group of 20 Culina suppliers, Simply Supply Chain created the Drop and Drive Claims Workgroup to get to the heart of discrepancies. It was quickly established millions were being lost every year just through unsubstantiated claims, and with the support of the Grocery Code Adjudicator in December of the same year the workgroup presented feedback to the top ten UK retailers. This resulted in a retailer-supplier agreement to identify the root cause of the discrepancy throughout the RDC and admin processes to deliver an equitable alternative claims process.

To overcome this challenge, in 2015-2016 we deployed the trials of 'Good Faith Receipting' (GFR). This innovation is the agreement process where shipments are presumed to be correct, and a sample of shipments are thoroughly audited to validate the accuracy. The approach was a major change for retailers, eliminating the need for teams that focused solely on claims and dispute resolution. Our role as an impartial liaison was to help to standardise this new practice across retailers to make it a win-win.

Since 2019 our goals have been to reduce disputed deductions from Top 10 retailers and collaborative supplier workshops with at least three major supermarket chains.

### 1 Events



- Workshops
- Hosted site visits
- Best practice sharing

### 2 Claims Data Reports



- Claims deducted
- Trend and change analysis
- Targeting and review.

### 3 Retailer Workshops



- Lobbying for new processes
- Build lasting relationships

### 4 Media Relations



- Thought leadership
- Championing the issue across media platforms



## Execution

### **Understanding Depot Staff**

Prior to Drop and Drive, the relationship between suppliers and depots revolved primarily around discussing 'lost' goods and unsubstantiated claims by phone. Neither party had visibility or understanding of the challenges the other faced.

We gave our members the opportunity to visit depots, meeting face-to-face with the teams, to understand the process of receipting goods. This transformative approach led to several improvements being made straight away, including improving the labelling (see 'Improving Visibility' section later).

### **Driving Up Industry Standards**

One of the core elements of our workgroup is the desire for companies of all sizes to collaborate and raise standards. For example one of our larger suppliers assists a smaller one over the busy Christmas period, keeping an open line of communication to share tips to get over their varying challenges.

Our planned workshops throughout the year provide a basis for consistent sharing of best practice and experiences that help each supplier improve in their key areas.

### **Collaborative Working**

The key to our workgroup's success has been a collaborative approach with retailers, by carefully building their trust and support, we've been able to get them on board with feedback or suggestions.

This has helped foster a more open minded attitude to looking at their processes, and a willingness to understand suppliers' challenges so they can then work on a solution together.



## Results

### Visibility

As sheer volumes have increased over the years the focus has been on speed over efficiency, this being particular for chilled goods receiving. This is a key area we have focused on to improve visibility across the whole supply chain.

Visibility has two dimensions here. Firstly is in identifying correct SKU and case, as thousands of identical brown cases with white labels leads to a high errors rate. Our solution has firstly focused helping depot staff to differentiate one case from another using the best practice we now recommend.

Secondly, there is stock visibility. When a case isn't receipted correctly, it essentially disappears. The previously mentioned GFR system has drastically improved this, rather than wasting time reconciling the systems with a daily paperchase and chore.

Culina Group has testified to substantial impacts on job satisfaction, efficiency and, ultimately, the bottom line thanks to "Better understanding of the 'end-to-end' chilled supply chain, which has facilitated better training of our people and therefore customer engagement across all levels. Time spent investigating spurious claims, with little or no hope of a positive outcome, can now be invested in value add activities which is better for everyone in the chain". (Alistair Brown, Commercial Director).

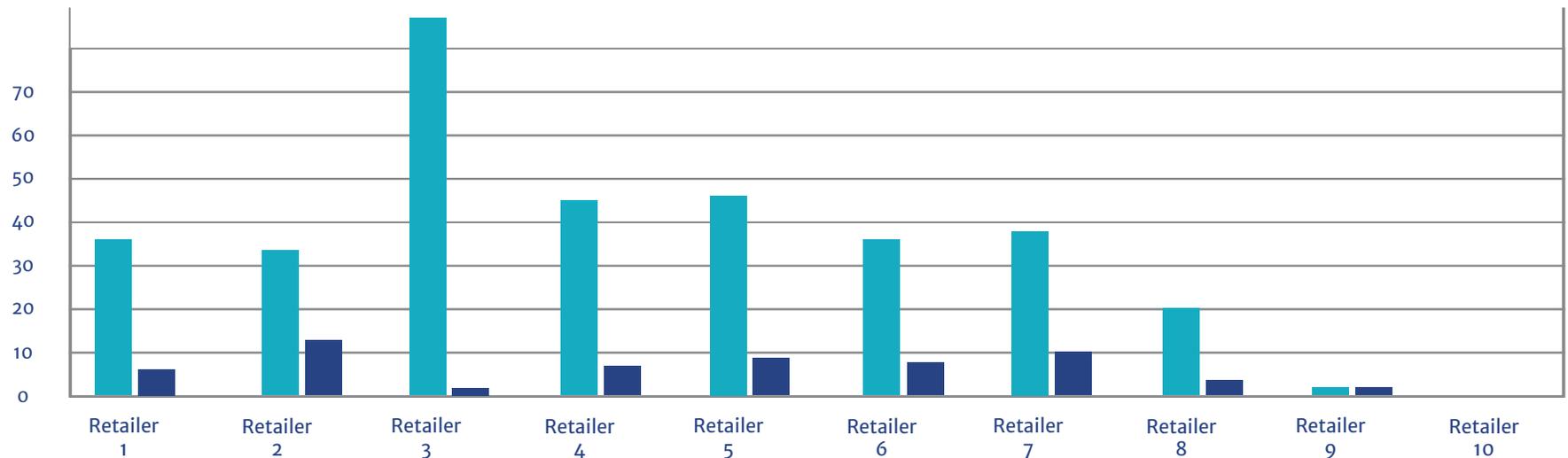
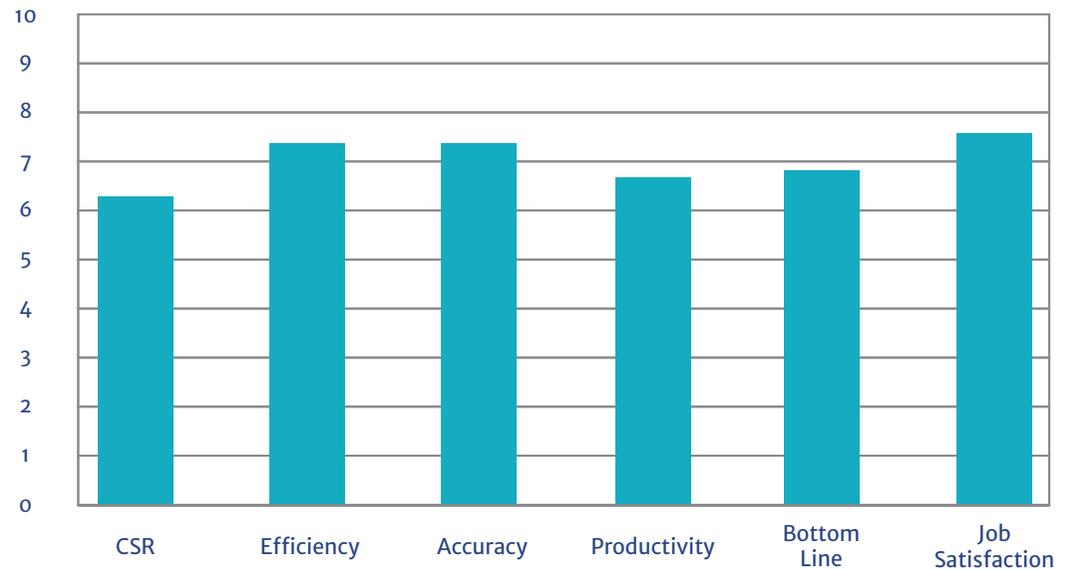
### Job Satisfaction

Perhaps less obvious, but extremely important has been positive impact on employee morale. With no need for staff to continually chase information and reconcile stock data, customer service team members are instead able to focus on tasks that add value. Underpinning all our work is a desire to make everyone's job easier and help improve customer relations.

# Results

In our 2020 survey, our members gave us a 9.7 / 10 when it came to recommending us and our NPS was +100. The adjacent chart also shows the rating of impact the Drop and Drive Claims Workgroup in specific areas for suppliers.

Below are the results tracking average claim rates of 10 retailers from Feb 2019 – March 2020 in comparison to 2014 data. The results were an 85% drop in claim rates.



Before (light blue) vs after (dark blue) claim rates by supermarket chain

Avg. retailer claim rate = 7 Supplier accuracy rate = 3

## Membership

*“We’ve been working with the Drop and Drive Claims workgroup in a highly collaborative manner over the last few years – This has allowed us to build genuine & sustainable relationships with the clear output of a process that is much better than what it has replaced. We are very much looking forward to continuing our collaboration with those strong relationships to improve the end-to-end processes further.”* Chris Hall, Senior Director – Central Logistics at Asda Stores Ltd

*“Our small team has to work harder and be more efficient. They smile at me now, I don’t get that frustration feedback anymore. This also means the calibre of person I have been able to recruit is better than if I’d been putting them into a repetitive ‘checking, checking, checking’ role. I can now hope to retain them while they progress their career to the next level.”* Richard McConnell, Supply Chain Controller, Futura Foods

*“Their willingness to collect and share data with retailers has been helpful in highlighting the issue and they got under the skin of the issue to work on practical solutions with retailers. In so doing, many other suppliers have benefited from their work; both supplier and retailers have a more efficient solution and the GCA survey has shown a continued improvement in performance in what has been a long-standing problem.”* Christine Tacon, Grocery Code Adjudicator



Some of our 20/19/2020 members

## Summary

The Drop and Drive Claims workgroup was set up to gather the evidence and build a case to try to overturn a way of working that had become institutionalised and beyond the reach of individual suppliers. Within retailers the process, which was adopted to cope with increasing volume throughput of chilled products, had no measurement or governance and no-one was interested, willing to investigate, or be held accountable for the financial impact on suppliers.

The formation of the Workgroup, the gathering of evidence and the presentation of the issue to the retailers, with the support of the Grocery Code Adjudicator, gave suppliers a voice to tackle the issue and work with the retailers to find an equitable solution. From the outset, we set our goal to minimise errors and eliminate unsubstantiated claims, removing a non-value-added process and re-focusing these resources on optimising on-shelf availability.

By working closely with the retailers, we have reformed the Drop and Drive claims process for the industry, introducing a sustainable and equitable receipting process that has improved receipting accuracy, reduced errors and all but eliminated unsubstantiated claims. The sentiments expressed by two of the leading retailers involved and the Grocery Code Adjudicator, clearly endorse the approach taken, the results achieved and the ongoing support for continued collaboration.

The logo for ras (Retail & Asset Solutions) features the lowercase letters 'ras' in a bold, grey sans-serif font. A yellow dot is positioned above the 'a', and a yellow horizontal bar is located below the 's'.

RETAIL & ASSET SOLUTIONS

The logo for Simply Supply Chain consists of a stylized 'S' icon on the left, formed by two overlapping circles in shades of blue and green. To the right of the icon, the words 'Simply Supply Chain' are written in a blue sans-serif font, with 'Simply' on the top line and 'Supply Chain' on the bottom line.The logo for culina GROUP features a stylized sun icon on the left, composed of a central orange circle with radiating lines. To the right, the word 'culina' is written in a bold, black sans-serif font, and the word 'GROUP' is written in a smaller, orange sans-serif font below it.The logo for FUTURA is an oval shape with a dark blue background. The word 'FUTURA' is written in white, uppercase, sans-serif letters across the center of the oval.

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