

# Strategic Partnerships

With a collection of five successful businesses, Colorado Group is steadily progressing towards becoming a formidable company in the retail sector.

With a history that dates back 140 years, today Colorado Group successfully holds a leading place in the Australian retail market in the apparel and footwear sectors. The company currently comprises five separate, well-known brands – Colorado, JAG, Diana Ferrari, Mathers and Williams.

Colorado Group has a long record of retailer awards, including extensive footwear awards for Mathers and Williams. In 2005, the company won three Customer Service Institute of Australia awards, emphasising the prominent place that Colorado Group holds in the retail sector.

As one of Australia's leading footwear and apparel retailers and wholesalers, Colorado Group operates over 450 stores across Australia and New Zealand. With over 3,000 employees, Colorado Group is proud of the high number of staff who have served the company for over 20 years.

The company places an emphasis on being energetic and progressive with their portfolio of brands. Aside from their extensive

network of retail stores, the JAG and Diana Ferrari brands are also stocked in major department stores as well as selected independent retailers. With so many stores spread across Australia, Colorado Group must ensure that its supply chain is efficiently operating in order to keep stores stocked with the latest products. "We have hundreds of stores across Australia and New Zealand, across the length and breadth of the country," says Stephen Whittam, Group General Manager of Supply Chain. "We need to make sure those stores are able to receive the stock when they need it. A lot of our stock comes all the way from China, so the supply chain is important to ensure that the stores have the stock to sell."

Using the latest in retailer systems and software, Colorado Group ensures that it is at the forefront in efficient retail management. "We use a number of initiatives to keep everything running smoothly," relates Stephen. "We have a fast response initiative which is designed to keep

stores in stock. Every night we scan all of our stores' data to work out what items need replenishing, and then the next day the stock is picked from the warehouse and sent to the stores. It's called AR (automated replenishment), and it ensures that stores receive the stock they need as quickly as possible."

With so much hinging on the successful delivery of products into the stores, sourcing the right supply-chain providers is essential to the success of the company. "We look for a number of things when sourcing partners," explains Stephen. "First, we look for experience and expertise in footwear and apparel, and then we look for partners that we think will be a good cultural fit for us. The Colorado Group is proud of the values and standards within the organisation, so we look for companies that also reflect our principles."

Efficiency and reliability are also elements that the Colorado Group takes into account when sourcing supply-chain providers. "We

*"The Colorado Group is proud of the values and standards within the organisation, so we look for companies that reflect our principles."*  
- Stephen Whittam

assess our supply chain from two different perspectives," claims Stephen. "We have to look at it from a cost perspective and ensure that our system is affordable. We also need to assess the time frame so that we can guarantee stock will arrive in store when it's scheduled to."

By constantly assessing the performance of product suppliers and the company's supply-chain providers, Colorado Group is able to ensure that everyone performs to the company's high standards. "All of our major supply-chain providers are under contracts, which generally vary from two years up to five years, and which all contain KPI components," explains Stephen. "More important, though, is that we meet regularly

with all our major supply-chain partners and work actively with them to form a continuous improvement program. In some cases, we have weekly or monthly meetings, and then we also have quarterly and annual meetings."

By promoting successful relationships with its supply-chain providers, Colorado Group is able to form long-term partnerships that benefit both providers and the company. "We have long-term relationships with a number of our providers, and it's been very important to the success of our company," says Stephen. "We've had a relationship with IPEC for about thirteen years now, and Toll Global Forwarding have been working with us for about six or seven years. Since we also have performance-based contracts, we have some new providers that we haven't worked with previously, such as Express Logistics, whom we've worked with now for around 12 months. So while we do prefer to maintain long-term relationships, they still have to be market-competitive in terms of price and meeting the KPIs."

Communication between Colorado Group and their providers is essential to the smooth running of the company's supply chain. "The key to our good working relationship with our supply-chain providers is that we work hard on communication," asserts Stephen. "We have weekly meetings with IPEC as well as weekly telephone conferences. They also publish KPIs every week, and we then go through and assess the KPIs for each of our brands, focusing on performance levels in each capital city. With most of our other providers, we have KPI reviews every month, so we are able to easily discuss and resolve any issues."


Colorado Group also recognises the benefits of developing excellent working relationships at a senior management level, to ensure that strong partnerships are formed. "We strive to work together with our providers at both an operational level as well as at a senior level," explains Stephen. "We recently had a meeting in Melbourne with Colorado Group's Managing Director together with the General Managers from IPEC, Toll Global Forwarding and Inter-store Warehousing. The meeting enabled everyone to talk through many different issues and discuss what would be coming up in the next six months."

By developing a good working system with each provider, Colorado Group is able to develop mutual beneficial partnerships based on understanding. "We know that any ▶





Looking towards the future, Colorado Group will be looking to make some changes in the structure of its supply chain, but is confident it will be able to work with supply chain providers to aid a smooth transition in their processes. “We are looking to do more with our product suppliers, particularly with some of our direct product suppliers in China,” explains Stephen. “It will be important for us to have good working relationships with our supply-chain partners because some of the volumes coming from China might change, so they may have to create new systems to work in with the changes.”

As Colorado Group continues to grow, its preceding success indicates an anticipated high standard and bright future for the company. 

changes we make in our system influence our partners too,” says Stephen. “If we create additional costs for our partners, then we need to work with them to relieve some of the impact. We learn from constant contact what changes we can implement to make things better for all of us.”

With such a positive attitude and determination to work openly with providers, Colorado Group is confident about the current success of its supply chain. “Great relationships don’t happen overnight. It takes a good 12 months with any provider to work out all the little problems, and both parties have to work on the relationship together. After two or three years of doing this, I can confidently say that we are probably in the best place we have ever been in with our supply-chain providers, and we are all extremely happy with our working relationship.”

*“The key to our good working relationship with our supply-chain providers is that we work hard on communication.”*  
- Stephen Whittam