

Continuous Replenishment Programme

With partnership the key word in today's global marketplace, traditional replenishment processes are fast giving way to the Continuous Replenishment Programme (CRP) concept. This embraces two main initiatives - Co-Managed Inventory (CMI) and Vendor Managed Inventory (VMI), depending on which party, supplier or buyer, actually manages the inventory and on the extent to which information gets shared.

Co-Managed Inventory (CMI)

In CMI, the buyer maintains the responsibility for inventory management and replenishment. A proposed order is generated by the supplier and revised and confirmed by the retail buyer. Inventory and sales data is transferred electronically by the buyer to the supplier as often as the replenishment system is executed. This is used by the supplier as input to ongoing forecasts and adjustments to the next production cycle.

Vendor Managed Inventory (VMI)

In VMI, the responsibility for inventory management and replenishment shifts totally to the supplier. A firm order is generated by the supply for the required quantities without further confirmation by the retailer. The order messages sent merely update the retailer's information system.

Integrated Demand Management

In fact, the rationale behind Continuous Replenishment Programme is more than product replenishment. When a supply chain is viewed as a demand chain, the data captured along the chain, with a series of enabling technologies like EDI, product numbering and barcoding, can be used by the management for demand analysis and achievement of integrated demand management. The consumers are ultimately better served. Nevertheless the effort of one party alone is not enough. A heart-to-heart cooperation between trading partners is essential for the success of good demand management.

In Hong Kong, thanks to the dedicated effort of the VMI/CPFR Task Force under the Hong Kong Supply Chain Management Advisory Board. The Task Force is chaired by Mr Rick West of Procter and Gamble and a number of valuable references have been established for players in the consumer goods industry. These references include

pilot cases shared by Johnson & Johnson working with ParkNShop, and Procter & Gamble with Jusco Stores.

Continuous Replenishment Programme Implementation Guideline

Full details of these exemplary cases, together with a concise account of the workings of CRP and its many benefits, can be found in a new publication on sale from the GS1 Hong Kong offices, Continuous Replenishment Programme Implementation Guideline.

Readers will particularly appreciate the “how-to” approach, the clear steps for implementation which are provided, and the glossary, which takes the mystery out of the many acronyms and special terms involved.

As implementation of a CRP practice depends very much on the company situation, you are highly encouraged to contact the GS1 Hong Kong by quoting your specific business case.

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