

2020-2023 Strategic Plan Draft

June 2019

Introduction

This draft pack contains outcomes from the Tasmanian Independent Retailers (TIR) Board and Executive Team Strategy Workshop, facilitated by Right Lane Consulting on Thursday 23 May and Friday 24 May, 2019.

The content of this document includes:

- TIR's 3 year strategy on a page – both the template to indicate what is included in a typical model (template) and the actual TIR model as determined in the workshop
- Updated purpose, vision, values and behaviours statements (incorporating members' feedback)
- Forces at work and implications for our strategy
- What we will keep doing, and what we could do differently, across five domains of our business scope
- Understanding of the 'gains' and 'pains' of our members and how TIR can add value to meeting their needs.

If you have any feedback , suggestions or questions regarding the content of this document, please email your comments to memberfeedback@igatas.com.au .

Our strategy on a page template



TIR's 3 year strategy on a page to 2023

Our purpose Why we exist

We support our members to achieve success, profitability and sustained growth, using the strength of our co-operative

Our vision What we want to achieve over the longer term

To be a united force in Tasmanian food and grocery retailing, with a thriving network of independently-owned stores, trusted and favoured by our local communities

Values Guides behaviour of staff and members

We are here to support our members

We are open and honest

We grow and innovate

We care and listen

Strategy statement Our objective, advantage and scope to 2023

Improve member satisfaction by increasing rebates and warehouse volumes, through using our brands, buying power and local expertise, and providing valued and efficient services to support our members and those that add value to our member network

Goals What we must achieve by 2023 to be successful

1. A unified, engaged member group that understands what we are about

2. Efficient operations to create value for members

3. A strong position for our brands to drive member sales and margin growth

Success measures How we will hold ourselves to account

- Member satisfaction/ engagement
- Increase volumes through SIW/IFP
- Growth in rebates

- Operational excellence benchmarks
- Reduction in error rates and credit rates
- Satisfaction with TIR/IFP services

- Brand strength
- Network sales growth
- Margin growth
- Member satisfaction with pricing programs

Key initiatives Major projects we will undertake to deliver our strategy

1. Educate and engage our members to build knowledge of the cooperative and industry, including reviewing communication opportunities
2. Build capability in our retail ops and development teams to better engage and service members
3. Build a member information briefing kit to tell members what we are about and what we offer them
4. Investigate incentives for members to support the cooperative and drive volume through SIW/IFP

1. Review structure, roles and resources for TIR and IFP
2. Implement Accuracy project to improve invoice accuracy (charge through, IFP) and minimise internal processing errors
3. Build IFP customer engagement strategy and review IFP systems
4. Investigate opportunities to use our group buying power to reduce members' cost of doing business
5. Optimise product pricing including reviewing trading terms
6. Review SIW and IFP ranges to maintain relevance with consumer demand and determine 'winning range'
7. Build our insights capability through capturing data (CRM, scan data) and building reporting tools

1. Optimise the effectiveness and return from our advertising and community engagement programs
2. Assess our brand strength (utilising available research)
3. Continually review the effectiveness of our pricing programs and platforms
4. Implement TIR sales and growth KPIs

The Board incorporated members' feedback in the purpose statement

PURPOSE

We support our members to achieve success, profitability and sustained growth, using the strength of our co-operative

No.	Members feedback	Changes made
1	The word 'support' is not strong enough to put accountability on TIR. Members need TIR and could not operate without the co-op	<ul style="list-style-type: none">Added 'we' to the start of the statementBoard felt strongly that support was more appropriate than alternatives such as empower due to its prevalence in the member feedback survey
2	Define success in practical terms	Added 'profitability'
3	Do not like the word 'power'	Replaced 'power' with 'strength'

The Board incorporated members' feedback in the vision statement

VISION

**To be a united force in
Tasmanian food and
grocery retailing, with
a thriving network of
independent stores,
trusted and favoured
by our local
communities**

No.	Members feedback	Changes made
1	<ul style="list-style-type: none">• Would like a positive descriptive word in front of 'force'• Force is ambiguous	Added 'United'
2	Define scope (i.e. we're not Harvey Norman) but do not want to constrain to food and grocery	Amended to 'food and grocery retailing'
3	Would like the word 'independent' in the statement	Amended to 'Thriving network of independent stores'
4	It's not local stores, it's local communities	Removed 'of local stores', kept 'local communities'

The Board incorporated members' feedback in the values and behaviour statements (1/2)

We are here to support our members ^{2 3}	<ul style="list-style-type: none"> We strive for our members to be successful and profitable retailers We make business decisions based on the best interests of the member network We strive for effective and cost efficient delivery in everything we do ⁴ 	No.	Members feedback	Response from the Board
We are open and honest	<ul style="list-style-type: none"> We will build trust through clear two-way communication with our members including on key decisions ⁸ We will follow through with actions We will encourage consistent and transparent feedback ⁵ We act with integrity and professionalism in our dealings with our members We respect the confidentiality of the information shared by our members, trading partners and stakeholders ¹¹ 	1	Values are for everyone (members and employees)	Confirmed these values and behaviours apply to staff and members
We grow and innovate ⁶	<ul style="list-style-type: none"> We will encourage our people to innovate through training and exposure to new ideas We will explore new ways to do things ⁷ We welcome ideas from our people and members We provide encouragement, guidance and advice for stores to grow their businesses 	2	We are here for our members is very similar to we support you	<ul style="list-style-type: none"> Combined the value statements and underlying behaviour statement Key initiative in the strategy refers to opportunities to engage members; goal in strategy refers to building the member network
We care and listen	<ul style="list-style-type: none"> We are here to understand the needs of our members and our people We treat our members and our people with empathy, respect and fairness ⁹ 	3	Prefer even stronger focus on members	Value now reads 'we are here to support our members'
		4	Would like cost efficiency beyond support services	Replaced 'delivery of support services' to 'everything we do'
		5	Feedback, openness and honesty should all be two-way	Changed behaviour statement from 'provide' to 'encourage consistent and transparent feedback'
		6	There no behaviour to address 'We grow'	Moved the behaviour relating to encouragement, guidance and advice for stores to grow the business under this value

The Board incorporated members' feedback in the values and behaviour statements (2/2)

<p>We are here to support our members</p> <p>2 3</p> <ul style="list-style-type: none"> We strive for our members to be successful and profitable retailers We make business decisions based on the best interests of the member network We strive for effective and cost efficient delivery in everything we do 4 	<p>We are open and honest</p> <ul style="list-style-type: none"> We will build trust through clear two-way communication with our members including on key decisions 8 We will follow through with actions We will encourage consistent and transparent feedback 5 We act with integrity and professionalism in our dealings with our members We respect the confidentiality of the information shared by our members, trading partners and stakeholders 11 	<p>We grow and innovate</p> <p>6</p> <ul style="list-style-type: none"> We will encourage our people to innovate through training and exposure to new ideas We will explore new ways to do things 7 We welcome ideas from our people and members We provide encouragement, guidance and advice for stores to grow their businesses 	<p>We care and listen</p> <ul style="list-style-type: none"> We are here to understand the needs of our members and our people We treat our members and our people with empathy, respect and fairness 9
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No.	Members feedback	Response from the Board
7	<ul style="list-style-type: none"> Do not like the potential implications of 'explore the world' Want to continue receiving external world insight and trends and industry best practices 	<ul style="list-style-type: none"> Changed the behaviour to 'we will explore new ways to do things' Didn't want to say 'adopt' as not all ideas will always be adopted
8	<ul style="list-style-type: none"> Do not want to be involved in all decisions Let's not get bogged down 	Added 'including on key decisions' to behaviour relating to trust and two way communication
9	This goes both ways. Treating everyone equally and on a level playing field	Covered by 'fairness'
10	<ul style="list-style-type: none"> 'Guidance and advice for stores' needs to be implemented now Store visits? Fit for purpose communications and engagement? Need variation in events because everyone has different interests and timeframes 	Feedback has been picked up in key initiative to educate and engage members... and review communication opportunities
11		Board was concerned about concept of 'open-ness' in relation to commercial in confidence information provided by members and suppliers to TIR. Added behaviour to respect confidentiality in response.

Forces at work and implications for our strategy (1/2)

External forces at work	Implications for our strategy
Strength of the economy , which we expect to continue post-election	<ul style="list-style-type: none"> • We are confident in overall sales but the impact on individual stores is variable
Competitive forces – outside and local – are putting pressure on our network	<ul style="list-style-type: none"> • How do we respond re online/convenience shopping? Very few stores make money online
Customers' shopping habits are changing: baskets are getting smaller; online purchasing is growing as are disruptors (e.g. UberEats); new disruptors are emerging (e.g. Facebook groups); convenience shopping is growing	<ul style="list-style-type: none"> • People still want to come in for fresh produce (fruit, veg, meat) and to engage in their community • Competitors are responding by opening small format/local stores • How do we provide retailers with the tools and knowledge to compete? • Can we share case studies/ success stories? E.g. about where/how Ready Foods/ meal solutions have been successful.
The growth in charge-through reflects an increase in sales through other wholesalers (for products we are not providing e.g. vegan)	<ul style="list-style-type: none"> • Need to take retailers on the journey • Look at ranging, merchandising and category management in response to consumer demand, utilizing insights from external data companies and TIR Scan data (when available) • SIW and IFP must remain commercially sound and relevant – do we increase ranging or focus on core? Are we keeping up?
Local suppliers are under pressure; produce is becoming uncompetitive	<ul style="list-style-type: none"> • Consider stronger partnerships to support local suppliers; some consumers willing to pay more for local product

Forces at work and implications for our strategy (2/2)

Internal forces at work	Implications for our strategy
Need for unity and clarity of direction within TIR and across stores	<ul style="list-style-type: none">• Being unified behind clear common goals is necessary for success• Where do we sit? What's our niche? What are we going to be best at?• Where do our members sit? Are some confused about where and how they compete• 'Local, competitive' positioning has worked
Influence of particular groups of stores with specific needs	<ul style="list-style-type: none">• Each store is different; hard for TIR to provide one solution however segmented approach to member services creates complexity and cost• We don't have the resources to respond to everything each member is asking for
People, culture, resourcing	<ul style="list-style-type: none">• Need to embrace capability we have, appropriately resource projects, invest in our staff, provide coaching and communication; need all TIR teams to be more integrated• Our people all need to be aligned within the same culture• Need to communicate to members about TIR's resourcing and benchmarking against similar organisations (but don't make excuses); communicate who we are and what we all do• Be mindful of all touchpoints (area managers, truck drivers, office staff on phones etc)
Cost of investing in services vs ability to maintain rebates - tension	<ul style="list-style-type: none">• Balance new investments with reducing costs elsewhere• Ensure new projects all have good business cases

We identified what we will keep doing, and what we could do differently, across five domains of our business scope

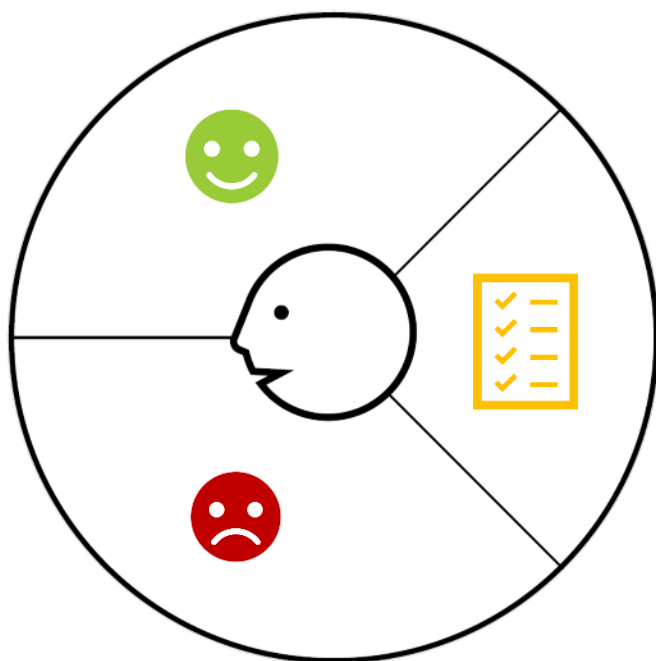
	What we will keep doing	What we could do differently
Customers	<ul style="list-style-type: none"> Members (IGA branded) Non-member independent grocers (A) Hospitality and other food services providers (A) 	<ul style="list-style-type: none"> Formally document IGA requirements/agreement Have clear definition for what you get as a member and non-member (A) Review our offer to non member independent stores (A) Stop serving non members who don't create value for the cooperative (A)
Geography	<ul style="list-style-type: none"> Tasmania 	
Channels	<ul style="list-style-type: none"> Face to face servicing through area managers Online portals Face to face visits with directors and management (separate) Development team visits Channel meetings Conferences IFP face to face rep visits IFP online and phone ordering 	<ul style="list-style-type: none"> Revisit the role of area managers; better equip area managers with the skills, tools, behaviors, messages, knowledge of IFP value proposition, to build trust and provide relevant services to members; reduce 'compliance only mindset' and clarify purpose of visits; consider change of name and outsourcing compliance part of role Communicate the purpose of AM/ director/ management visits (a tool to create value not a 'stick') Improve channel meetings; consider technology to facilitate and allow remote access Better use conference/s to drive unity IFP rep to keep building momentum and selling/providing training on the online tools
Products and services	<ul style="list-style-type: none"> Financial and admin services including charge through Fresh produce distribution and wholesaling Merchandise and pricing support Advertising and marketing support Retail operations development IGA brand management and compliance Grocery distribution and wholesaling Advocacy/lobbying Promotions System tech IT support Group procurement (e.g. energy) 	<ul style="list-style-type: none"> Be clear about the different offerings for members and non-members (A) Be clear about how servicing non members creates value for members (A) Develop a changeover pack for store buyers including information on TIR and IGA requirements <p>We won't:</p> <ul style="list-style-type: none"> Provide financial or legal advice Provide HR legal advice (we refer this to MGA) Advice on sale of businesses
Value chain	<ul style="list-style-type: none"> Store back office services Distribution Wholesaling Sourcing 	<p>We will consider proposals where there is a clear business case that adds value to the cooperative, to:</p> <ul style="list-style-type: none"> Own stores Buy another wholesaler Develop stakeholder partnerships Invest in growers

Items in blue relate to Island Fresh Produce only

A – we will serve non-members where doing so creates value for the cooperative

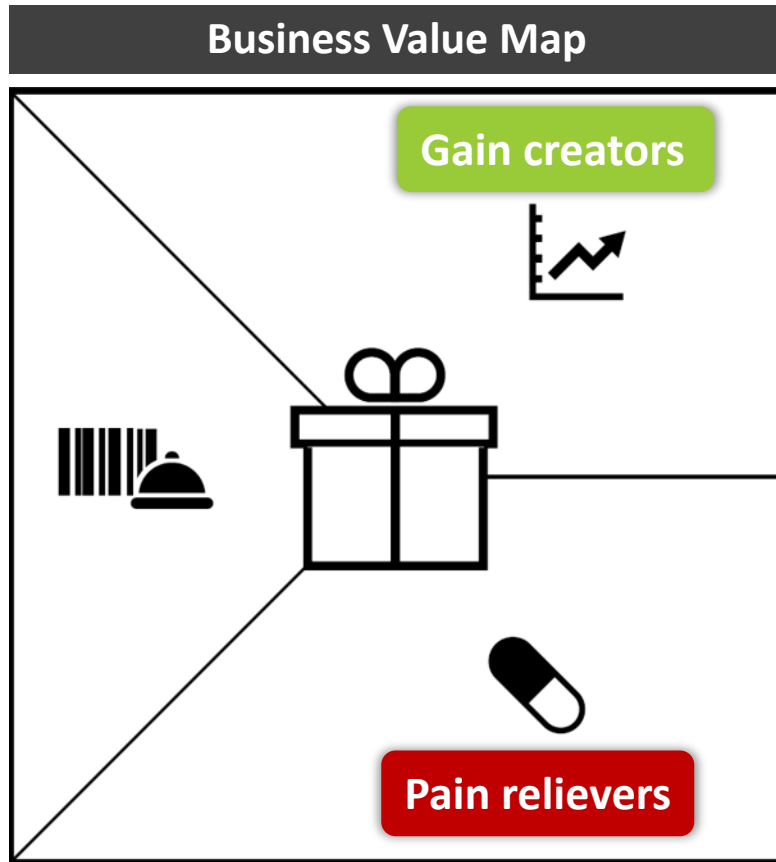
Source: TIR Board and Executive Team Strategy Workshop, May 2019

We considered our members' needs by identifying the 'jobs' they are trying to do in running their businesses, and the 'pains' and 'gains' they experience...



Jobs	Gains	Pains
<ul style="list-style-type: none"> • Be top of mind for customers • Generate sales and profit • Control cost of doing business • Be competitive • Pay bills • Manage staff • Manage supplier relationships • Be productive and get things achieved • Comply with relevant legislation/regulation • Delight and serve customers • Have a clear point of difference/ what we want to be famous for 	<ul style="list-style-type: none"> • An asset worth having • A wage and superannuation • Financial success – profitability, sales • Enjoying our job/ satisfaction • Spending time doing what matters – with customers • Happy customers; pride • Respect in the community 	<ul style="list-style-type: none"> • Stock availability • Staffing issues/Staff rostering • Paperwork and admin • Cash flow constraints • Competitors taking our customers • Shrinkage/shoplifting • Price file inaccuracy • Equipment and plant breakdowns • Dealing with errors e.g. invoice checking • Pricing issues – selling below cost • Tech outages/disruptions to order placement • Picking/pricing errors • Checking fruit and veg (IFP) invoicing every day • Frequency of specials changeover • Promotions are not right for me • Utility failures • Managing the 'juggle' (multiple priorities)

... and discussed how we can create value for members by meeting their needs



Gain creators

- More money – more rebates
- Reduce store costs/ cost of doing business
- Reduce our operating costs
- Maintain strong IGA brand
- Insights and knowledge – competitors, global practices, network performance
- Conferences and networking opportunities

Pain relievers

- Tech to support pricing accuracy with direct invoicing
- Tech solution for ticket printing in store (tbd)
- Reduce errors in our execution
- Simplify compliance (where we control it)
- Better explain compliance (where we are not in control)
- Review what we do with specials to make it easier for members
- Case managers who participate and help in stores
- Review options re promotions and pricing
- Reduce mistakes – correct prices, timely credits
- Advocate with suppliers to improve accuracy
- Communicate pricing errors across network eg combined complaints portal/ via daily updates

The next steps in this strategy process

Action	Who	When (indicative only)
Share member survey results with staff and provide heads up on the strategy	TIR Management	By Thursday 30 May
Distribute survey results to members, including a note from the Chair connecting the survey outcomes to the strategy	TIR Chairman	By Friday 31 May
Share the draft strategy with staff	TIR Management	By Thursday 6 June
Provide special briefing to ops teams/ front line staff on the strategy	TIR Management	By Thursday 6 June
Send draft strategy to members for feedback, including making the connection to the survey outcomes	TIR Chairman	By Friday 7 June
Members to provide feedback on the strategy	Members	By Friday 14 June
Scope, prioritise and sequence key initiatives; develop financials for initiatives (costs and benefits)	TIR Management	By next Board meeting (26 June)
Align strategy to budget	TIR Management	By next Board meeting (26 June)
Add quarterly strategy monitoring and annual review to Board agenda	TIR Management	By next Board meeting (26 June)
Develop response to member feedback on the strategy, including amendments/iterations to strategy if required	TIR Board	At next Board meeting (26 June)
Develop scorecard for our strategic measures including gathering baseline and trend data	TIR Management	By 31 July
Develop resourcing plan to support strategy implementation/ conduct review of roles and structure	TIR Management	By end August
Set targets for strategic KPIs	TIR Board	At August Board meeting