



Significant gains and large savings with the use of GS1 eCom at Konsum Nord



"This development project is essential if we are to maintain long-term competitiveness. Just like the other market players, we must sharpen our claws."
Fredrik Persson, CFO at Konsum Nord

Konsum Nord is a grocery chain and the largest independent consumer cooperative association in Sweden with 210,000 members. The association has approximately 1,300 employees and annual sales of 3.4 billion kronor. The chain consists of nearly 80 shops and three COOP Forum hypermarkets.

Background

Konsum Nord has 1,071 private suppliers. Together they send over 100,000 paper invoices annually to the chain. Approximately 100 of these suppliers account for 80 per cent of the volume of the goods.

Konsum Nord decided to completely switch from manual handling of all documents in the supply chain to electronic, which affects all its suppliers. The digitalization of the workflow enables significant efficiency gains and large savings for all parties.

Improve the logistics flow, increase the traceability of goods and make handling of invoices more efficient.

Within the organization are three parts of the operation are directly affected by the change to electronic flow: the marketing department, stores and the accounts department.

The marketing department makes contracts with suppliers and thus has control over the price and item information, which forms the basis of the information flow. When the stores need to order goods they register the order. When they receive the goods they check that the purchase order and dispatch advice match. The store registers any deviation from the order or if any item is damaged. Finally, the electronic invoice is automatically routed to Konsum Nord's accounting system.





Business Benefits Achieved

The system offers many advantages for both Konsum Nord and suppliers, improved customer service, greater cost efficiency, shortened lead times, more efficient document handling, quality assurance, lower inventory, right price, fewer errors and improved traceability.

With all information available electronically, Konsum Nord gets significantly improved supplier statistics and the dialogue with suppliers is improved by having access to this material.

Best Practices for getting started

In order to facilitate the transition Konsum Nord has a special information portal (www.konsumnord.se/edi) where its suppliers can gain a deeper understanding of digitalization.

Konsum Nord has made it possible for smaller suppliers to connect to its e-commerce solution using only the Internet. Konsum Nord has developed several simple web-based solutions to give the supplier complete control over the flow from order to invoice. Suppliers may enter any orders through the system and can confirm orders and create dispatch advices and invoices all in the same system. It will also be possible for them to do business electronically with players other than Konsum Nord.

Future Plans

Since e-invoicing has been implemented, savings were estimated to 85% of the total administrative cost. Konsum Nord estimates, the cost of manual processing of invoices to 6 million kronor a year. With GS1 Standards the corresponding cost will be approximately SEK 600,000. This means they can recoup the investment in this venture in one calendar year.

The response from suppliers has been overwhelmingly positive. As Konsum Nord has sharpen their business, it is also helping its suppliers to become even more efficient.

(This text is based on an article in GS1 Sweden Fokus, written by Måns Widman and translated by Jeremy Morton)

For more information regarding this project Contact :

- Mia Lenman at mia.lenman@gs1.se
- Karina Duvinger at karina.duvinger@gs1.se
- Cecilia Gylden at cecilia.gylden@gs1.se
- Website: www.gs1.se

For GS1 Global Office, contact: Nora Kaci at nora.kaci@gs1.org

Or the Member Organisation nearest to you at www.gs1.org/contact/worldwide.php

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