

Improvement of Food Management Practices in FairPrice

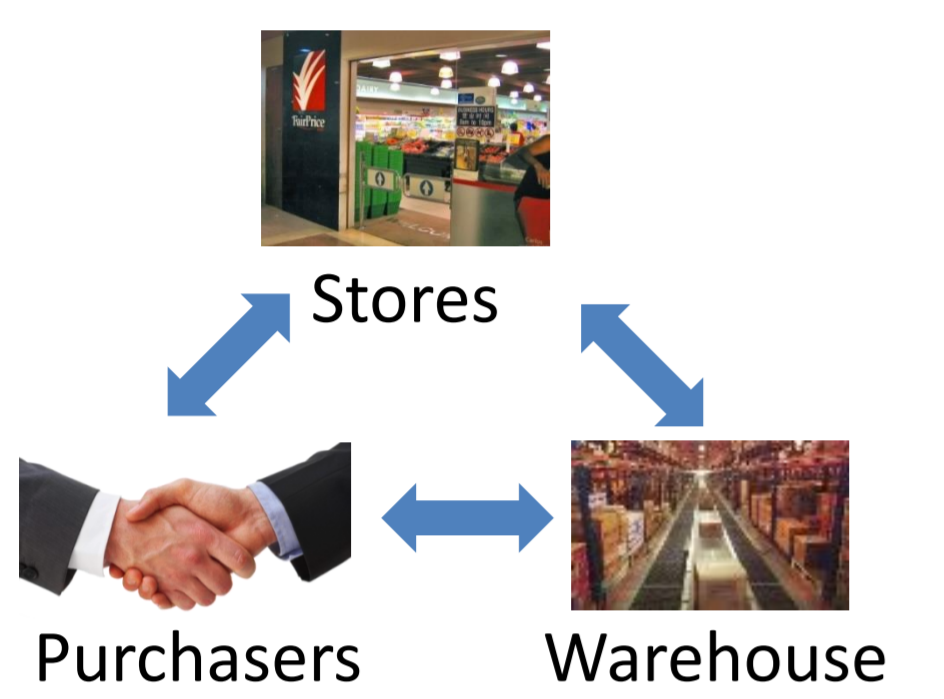


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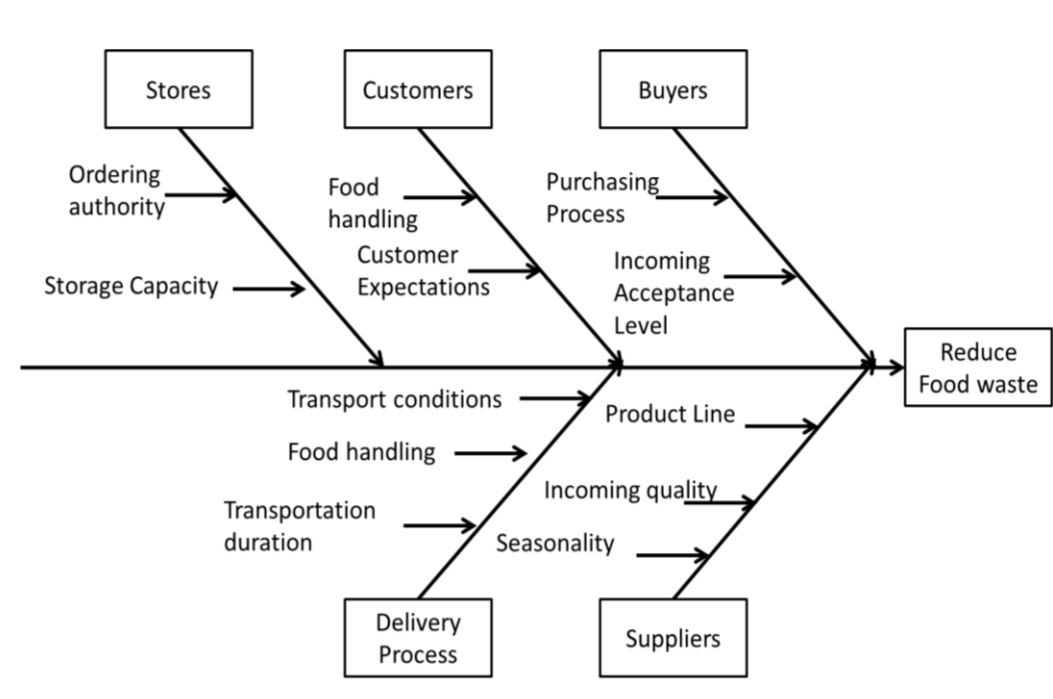
PROBLEM DEFINITION

In order to meet the rising demand of consumers, FairPrice delivers over 28 million cartons of products to their stores every year. However, while majority of food items are sold, some are inevitably disposed in the process. Therefore, the objectives of this project are to identify the critical factors that contribute to unsold items and recommend preferred practices for food management.

RESEARCH METHODOLOGY



Top 3 with weight		
Category	Article Description	Weight (KG)
Vegetable	A	100
Vegetable	B	50
Fruit	C	2



→ Conducted multiple site visits to each function to map processes as well as to understand operations

→ Built VBA excel to convert data into relevant weight format. Data was collected over a 4 month period.

→ From the processes, we brainstormed possible causes for unsold items with the use of a Fishbone Diagram

→ Conducted Focus Group Discussion (FGD) with FairPrice's employees to highlight key critical factors.



ANALYSIS AND FINDINGS

Purchasing Process

Decision variables that guide a purchasing process

- Buyers take up order
- Variety and price may take precedence over demand
- Excess goods at warehouse may be pushed to stores
- Unsold food items are disposed at stores

→ The decision variables during purchasing have significant impact on the food management process

Sampling Standard

Current rejection level for incoming goods can be improved

Based on an assumed producer risk of 5%¹ and customer risk of 10%² and company's rejectable quality level at X% and producer quality of <X%,

→ The calculated percentage of units leading to rejection from a sample size is lower than the current standard.

Delivery Process

Possible mishandling during delivery

"Delivery could have been rough at times as fruits were sometimes out of their places when cartons were opened"³

"We have experience on multiple occasions of the pre-packed ice being melted upon arrival at store"³

→ The delivery process plays an important role in maintaining the freshness and quality of the food items

Product Line

A, A1 & B1 are high contributors to food discarded over the period of study

→ As the study was conducted over 4 months, this result could be due to the seasonality of products

RECOMMENDATIONS

- A further review of purchasing procedure to include reduction of disposed items as a higher priority in purchase decisions
- Conduct stricter sampling plans to increase percentage of acceptable incoming quality.
- Conduct an observational study of the delivery process to pinpoint specific contributing factors and tackle accordingly.
- Focus food management initiatives on top contributors of disposed items

¹&²Based on industrial standards
³Excerpts from Focus Group Discussion