



Centralisation leads to ultimate efficiency

The Jwayelani retail operation showcases its success

BY LAURA DURHAM

Positioning itself as a convenient one-stop shop for the passing commuter traffic is part of Jwayelani's success. They plan to expand their footprint in KwaZulu Natal by concentrating on the major highway routes.

A streamlined operation – from meat packing plant to convenience supermarket – is why Jwayelani has established itself as the store of choice for customers looking for quality, value-for-money and good service, and situated predominately on the transport nodes of KwaZulu Natal.

The right start

Jwayelani, which means 'welcome and be happy' in isiZulu, was established in 1987 as a retail operation focused on fresh and frozen meat products. Rather than opening a number of butcheries and convenience supermarkets where the meat processing and packing takes place in-house (as is the general case), they spent five years building

a 4 000m² state-of-the-art factory. "You cannot only build a business around people, but rather you need to ensure a system to support those people. So we just built such a system first," explains Jwayelani director, David Schneiderman. With 21 stores at present and R1 billion turnover per annum, it seems they've got the recipe right.

Why meat really matters

For most customers, the quality and price of meat in the supermarket butchery largely determines their choice of store. Having the advantage of a centralised factory, with all of its obvious benefits, sets Jwayelani apart from its competitors. This has proven particularly important to its existing customer base, who have come to expect the same quality of product and standard of in-store experience as customers in more affluent areas.

How central works

"Following supermarket trends in Europe and the US, we believe that central is the

only way to go," says Schneiderman. The benefits of improved productivity and efficiency within the system are made clear, by the simple fact that the Jwayelani stores never experience out-of-stocks. Apart from the meat plant, Jwayelani also has a centralised bakery, which produces bread and a limited number of confectionery items, and a dry goods distribution centre. According to the DC manager, Trevor Coppin, their average shrinkage is approximately 0,03% per year. Around R30 million worth of stock passes through the DC each month – "we are very efficient with turnabout time", he says. The DC system may still be rudimentary in terms of manual packing and loading, but it is adequate for the volume and number of lines present, and there is still enough space to double or even triple operations.

Schneiderman lists the following benefits of a centralised system:

- Reduction in out-of-stocks at store level
- Reduced stock room space requirement
- Improved shrinkage control ▶

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- Managing of larger volumes through the central facilities
- Fewer delivery vehicles at store level means more efficient turnaround time for trucks
- Reduce total transport and handling costs
- Less stock damages and returns from stores arising from the ability of stores to hold lower stocks levels
- Fewer staff needed at store level (the expertise is needed at the factory)
- Can treat every single product as a commodity (and price it accordingly)
- Each part of the supply chain is run as a separate cost centre – so then stores can get more aggressive with their pricing
- In short, it makes running the business a lot easier



With an average basket size of R84 in just a 300m² trading floor (soon to double in size), the Isipingo store is a success thanks to the right mix of product, quality and price.

"Should product order quantities at store level ever be miscalculated, the efficiency of the centralised system means that stores are able to recover quickly because there is always stock available at the central facility," explains Wesley Davis, store manager of one of the Pinetown stores.

Store level

Operating in the convenience butchery and supermarket sector, the small box store



Store participations average 60/40 split between groceries and meat, with all meat and chicken arriving daily from the packing plant. The enormous benefit of the centralised meat production means that products do not ever run out at store level.

format allows for 300 – 1 000m² of retail floor space. There are only approximately 1500 SKUs in their grocery section, with the majority being KVIs, as these are what the customers, who are very brand conscious, demand. "Our business model means fewer suppliers and a smaller range, and though limited when compared to the other chains – this works for us," Schneiderman says. Store participations average 60/40 split between groceries and meat.

Groceries are delivered two to three times a week (depending on size of store), while meat is delivered every day. It takes approximately 40 minutes from when a truck arrives at a store until it leaves empty. It is reliably estimated that the Big 4 grocery chains are responsible for approximately 70% of the grocery business in South Africa and only 30% of the meat business. This highlights the important role played by the independent traders in the meat industry in SA.

Jwayelani does not allow merchandisers in their stores – preferring to handle all restocking themselves. "We take full stock responsibility for our stores," says Schneiderman, "as with the central warehousing and distribution, we'd prefer to receive allowances to do the job – although some of the bigger suppliers are slow in coming around to this understanding."

Convenience for commuter traffic

Situated predominately around the transport nodes has meant that Jwayelani stores have been able to position



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themselves as a convenient one-stop shop. These small store formats have proved to be very attractive to the passing commuters (despite heavy competition all around), as they have come to be known as a place where shoppers can get in and out really quickly with everything they require.

Expansion

"We opened three stores in four months last year," says Schneiderman. "The plan going forward is to expand the Jwayelani footprint in KwaZulu Natal, particularly along the major highway routes."

New store formats include specialised butchery offerings and entry into established shopping centres, though this has been difficult due to the restrictive exclusivity clauses placed by other supermarkets.

"The sky's the limit", says Schneiderman. "Our infrastructure is in place, our people are motivated, and the benefits of centralised distribution will carry our growth well into the 21st century."



The 4 000m² factory in Dalbridge, Durban forms a cost-effective and efficient part of the Jwayelani operation. The state-of-the-art equipment and well-trained staff mean that current meat production and packing only takes a few hours each day.

Past the factory gate...



Processing and packaging of meat at a central facility means that waste is kept to a minimum. Frozen products are delivered on pallets, while swinging beef is transferred to waiting chillers via a system of conveyors.



An automated multi-head weighing machine accurately portions the frozen chicken pieces and drops these into ready-branded packs for sealing.

Supplied with the latest equipment from around the world, the meat processing and packing plant in Durban currently sees 300-350 tons of meat and chicken pass through the gate each week – 20% of the factory's capacity, says Schneiderman. As the group expands (there are currently 21 stores), the volume of fresh and frozen meat and chicken will increase accordingly, "without the need for too much more capex", he adds.



The Jwayelani Plant is HACCP compliant (accepted internationally). This is particularly important in a factory where perishable products for human consumption are handled. Stringent hygiene standards are maintained right from the time when the staff wish to enter the plant, and have soap squirted onto their hands before the turnstile will operate.



The automated sausage line currently process 2.75 tons/hour, with a capacity to process up to 8 tons/hour.



Different cuts of meat are packaged and wrapped at the factory and delivered on pallets to the stores, thus vastly reducing the amount of time and labour usually required to do this in-store.



Ensuring a drop temperature throughout the factory of a maximum of 12°C, as well as control of the distribution supply chain, means that Jwayelani products have a longer shelf life. A tasting room, overlooking the factory floor, allows for the quality control of its products.