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Preface

By Faisal Ashfaq, Director of Supply Chain, RAS SCI

Every supply chain begins with a promise, a commitment between supplier and retailer, warehouse and store, or third-party logistics (3PL) and head office, to deliver the right product, in the right quantity, to the right place, at the right time. These are the 4R's—simple in principle, but essential in practice. These principles form the foundation of supply chain integrity.

But too often, that promise is broken. Not in a dramatic failure, but in small, almost imperceptible ways. A miss-picked case here. A short delivery there. A stock file that quietly drifts from physical reality. These are the early signs of a problem that we at RAS SCI call “The Leaky Pipe”.

Retailers don't set out to lose money, every penny, cent and dime counts, but many do. Silently. Systematically. Every day. With every delivery. With every pick.

The losses aren't always visible. There's no flashing warning light when a supplier over-delivers a pallet or when a case is miss-picked in the warehouse. No alarm goes off when a store receives the wrong quantity of a fast-moving stock keeping unit (SKU). These moments don't spark boardroom crisis meetings. But over time, they compound—and the financial impact is undeniable.

At RAS Supply Chain Integrity (RAS SCI), we've seen these hidden inefficiencies up close. Over the past two decades, we've audited billions of units and cases across thousands of stores, across the industry's largest retailers, helping these retailers uncover—and resolve—the operational blind spots that quietly drain profitability or impact customer availability. In doing so, we've come to recognise a pattern that repeats itself across markets, categories, and systems.

The Leaky Pipe isn't just a metaphor. It's a precise description of what happens when accuracy goes unmeasured, and assumptions go unchecked.

When the 4R's are compromised—when supplier deliveries aren't independently validated, when warehouse picks and processes are rushed or

unmonitored, when store teams are left to reconcile discrepancies manually—the pipe leaks. Not once, not in a dramatic rupture, but continuously, drop by drop, day after day.

Stock availability declines. Customer experience suffers. Profit and loss (P&L) margins tighten. And no one is quite sure where the losses are coming from.

That's why we created this book: to help supply chain leaders see what they are missing, and show them what to do about it.

We're not theorizing. These are lessons from the field. One retailer we supported recovered over \$2 million by auditing and charging back for supplier delivery inaccuracies—errors that had previously gone unnoticed at goods-in but allocated to store shrink loss. Another retailer improved stock availability across key categories to over 99.95% in less than six months through systematic Pick Accuracy auditing. These are not pilot projects or exceptions. These are repeatable outcomes, generated by independent validation, structured auditing, real-time independent data and accountability frameworks.

That's where RAS SCI operates.

We provide end-to-end supply chain audit solutions, from pioneering the Good Faith Receiving (GFR) concept at goods-in, to Picker Accuracy (PA) checks in distribution centres, to Direct-to-Store (DTS) validation at the point of delivery and many other value-add provisions. These processes are powered by our proprietary platform, RAS Prosper™, which enables real-time insights, traceability, dispute management, and compliance assistance. Today, RAS SCI is unique in supporting over 4,940 users across the retailer and supplier network, managing more than 1,989 suppliers and conducting an average of 24,894 audits every single week. That's over 5 million cases handled weekly.

And we're trusted at scale. We work with eight of the UK's top ten grocery retailers, the UK's largest DIY chains, and major homeware and food service brands across Europe. Our client list includes Walmart, Tesco, Sainsbury's, Asda, M&S, Morrisons, B&Q, Iceland, Matalan, Woodies, Coop, and many others. We've built this trust by delivering measurable, operational results, not just advice. There is no other organisation who provide the same services backed by experience and learnings.

But this book is not about us.

It's about the retailers and suppliers, 3PLs, supply chain executives, operations directors, and finance leaders who are ready to take a hard look at accuracy, shrinkage, and accountability—and who understand that the real

transformation happens not when you buy another system, but when you measure what you already have with greater precision.

What you'll find in this book is a clear framework for identifying the most common leaks in your supply chain: at the supplier level, within distribution, and at the final delivery point. We'll show you where the numbers break down, how they impact financial performance, and what leading retailers have done to close the gaps.

You'll see why relying on internal checks alone is no longer sufficient, and why independent validation is the only way to ensure accuracy when multiple stakeholders are involved.

NOTE *Suppliers respond best not to penalties, but to insight. Visibility is the real incentive.*

You'll see why visibility is currency, and how real-time data on supplier compliance, pick rates, and delivery accuracy unlocks not just cost savings, but operational confidence.

You'll see how the best retailers are already doing this, not by working harder, but by working smarter.

If you're responsible for the movement of stock, the accuracy of information, or the efficiency of operations, this book is for you. Whether you sit in supply chain, procurement, finance, or profit protection, the insights ahead will give you the clarity, confidence, and a roadmap you need to stop the losses and unlock hidden value.

Because once you start measuring accurately, everything else improves. And once you fix the leaks, you'll stop pouring margin and availability down the pipe.

Why This Book?

Supply Chain Integrity is more than a business goal. It's a necessity for the supply chain professional. With RAS-SCI, we've uncovered a critical gap in the industry—one that's been hiding behind familiar processes and accepted norms for decades.

Audits, as we know them, have always existed. But so has the concept of "wooden dollars"—internal transfers and figures that look good on paper but deliver no real-world value. That, for me and for our team, is unacceptable. If an

item isn't delivered or dispatched, it hasn't reached the customer. It hasn't contributed to profit. It hasn't made an impact. It resulted in failed customer availability.

With the incredible minds at RAS-SCI, we spent years uncovering patterns, exposing inefficiencies, and compiling over two decades of insights through methodical and physical audits and innovative concepts. What we found is not just informative—it's transformative. The principles in this book are backed by hard evidence, measurable impact collected over the last 20 years, and case studies showing returns on investment of three times or more. But more importantly, they are about accountability, performance, and building a supply chain that works for everyone—from retailers to the customers they serve.

This book is my way of sharing what we've learned—so that others don't just follow in our footsteps but create new ones.

Thank you

As with all books, this book was not just my effort, so a thanks must go out, and my gratitude is immense. I am deeply grateful to Caroline Drechsel, whose patience and diligence made this book possible; to Moritz Gruber and Karsten Xander, my co-authors and partners for thought; to AJ for making the impossible visually possible, to Lois Heywood, for her unwavering faith in me since forever; and to Marc Yardley, who out of nowhere, is always there at the right time, no matter day or night.

To my Senior Management team, who long ago became more like family: thank you. To my wife, all my children, siblings, and especially my mum, whose love, strength, and persistence gave me the drive to keep going and the inspiration to see my life and this book through.

Finally, to everyone at RAS Supply Chain Integrity and CERTANIA. Our journey together is only beginning...

This book is dedicated to all supply chain professionals, the quiet geniuses who keep the world stocked, even if no one notices them until the shelves are empty.

1 Introduction: Why Supply Chains Lose Millions

The Hidden Cost in Plain Sight

In retail, performance is measured in decimal places. Margins are narrow. Inventory turns are fast. Availability must be high. Under such pressure, the assumption is that everything—systems, processes and people—works as intended. And often, it appears that way. Stores are open. Stock is moving. Sales are booked. But beneath the surface of that apparent normalcy, something far more costly is unfolding.

Millions of pounds, euros, and dollars are lost every year due to a silent and systematic failure: **supply chain inaccuracy**.

These losses may not show up as catastrophic events. There are no sirens, no headlines, no breakdowns that halt the business. Instead, they manifest quietly: a few items missing here, an over-delivery there, a misrouted cage, a delivery manifest that doesn't quite match the stock on the shop floor or the invoice. These small inconsistencies are rarely verified, rarely challenged. They are absorbed. Tolerated. Forgotten.

But they are not harmless.

Because when small errors go unmeasured and when they occur across hundreds of stores, thousands of deliveries, and millions of SKUs, they add up to significant, compounding losses that erode margin, damage trust, and distort operational reality and ultimately impact everyone—consumer, retailer, suppliers, and 3PLs.

The Cost of Assumptions

Retail supply chains are high-functioning organisms, built for speed, scale, and responsiveness. But their strength—flow—can also be a weakness. Once inaccuracies enter the system, they tend to move along with everything else. Goods are dispatched, received, picked, and delivered—but not always correctly. And if nobody is checking at each stage, no one sees the discrepancy until it's too late—or not at all.

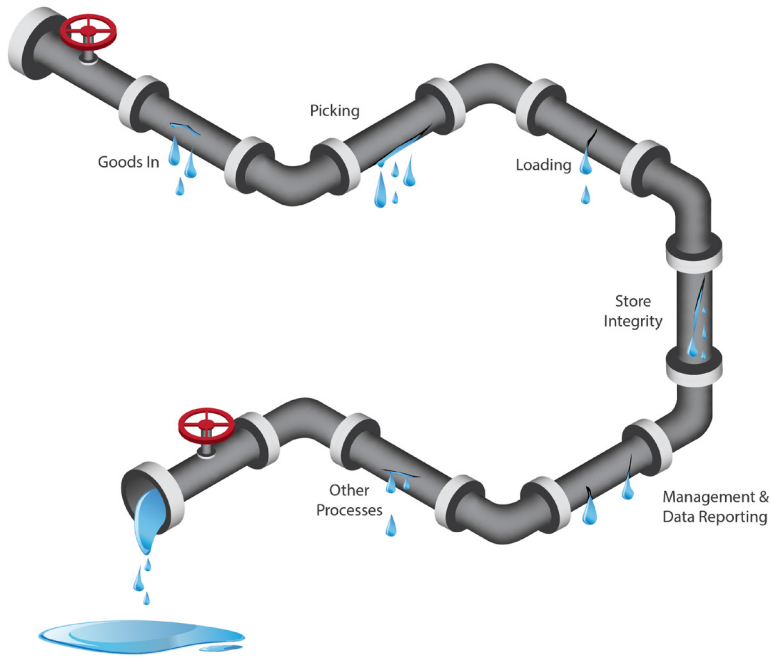


Figure 1.1: “The Leaky Pipe” diagram representing a typical supply chain—each bend, each process, each transaction is a potential pinch or leak point

The trouble is that many retailers assume that the system is self-correcting. That errors cancel themselves out. That stock balances out somewhere along the way. This assumption is comforting, but incorrect. It ignores a critical truth: **inaccuracy is cumulative**, and if left unmeasured, it spreads.

The Leaky Pipe: A Metaphor That Holds

Imagine your supply chain as a pipe. Product flows through it—from suppliers to warehouses, through logistics, into stores. At each junction, each handoff, each process step, there is potential for leakage. A short shipment. A mis-pick. An unvalidated delivery. On their own, these are operational inconveniences. But left unchecked, they create a chronic loss of value.

This is not a theory. It's a proven pattern we've observed repeatedly through more than two decades of independent auditing. And once you start

measuring for it, the reality becomes clear: **the supply chain isn't broken—it's leaking.**

What's leaking is accuracy. Accountability. Trust. And, ultimately, profit.

Three Zones Where Accuracy Begins to Erode

Later chapters will break down each point of failure in detail, backed by case studies and specific data. For now, it is enough to understand the **three general zones where supply chain integrity typically begins to falter:** at the start, in the middle, and at the end.

First, there is the issue of **supplier-side inconsistency**. Whether the cause is mis-picks, misloads, system errors, poor handling, or poor receipting, the result is the same: what's delivered is not what was ordered or declared on the ASN (Advance Shipping Notice) or delivery note and subsequently on the invoice. This is where ghost stock begins. It is also where trust between retailer and supplier quietly frays, especially if no neutral validation mechanism is in place.

Second, **distribution centres introduce a different kind of risk**. Here, the challenge is less about what arrives, and more about what is sent out. Picking errors, mislabelled cages, or incorrect marshalling/staging for delivery can push wrong products to the wrong place at the wrong time. The damage isn't always discovered until it hits the store—and by then, it's hard to trace.

Finally, at the retail end, **store-level inaccuracies close the loop**. Stock is received under pressure, often by teams without the time, tools, or mandate to verify accuracy. Particularly in direct-to-store delivery models, discrepancies are accepted by default. As soon as that unchecked delivery is logged into the system, the inaccuracy becomes a fact—and starts corrupting everything else built on that data.

What these three zones share is not just the risk of error. It is the **lack of independent validation**. Because when each party assumes the previous one has done their job correctly, no one checks—and the leaks continue.

Why It Doesn't Get Noticed

These leaks are not the result of poor effort or bad intentions. Most supply chain teams are hardworking, resourceful, and under constant pressure to do more with less. But the structure of most retail organisations is not designed to detect this kind of loss.