



Case Study

**Fast savings for
fast food firm**

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The UK bread and morning goods market is worth almost £2.9 billion and is one of the largest sectors in the food industry. Despite this high street bakeries have felt squeezed by competition both from plant bakers and multiple retailers. Many craft bakers have diversified into catering and takeaway food but high street coffee shop competition, changing consumer tastes and increasing costs make it a challenging market.



“Excellent result! We are very pleased with the work your consultants have carried out.”

Geoff Peppiatt
Chief Executive
Three Cooks

The Challenge

Three Cooks a high street fast food bakery, owning and operating 300 outlets across Great Britain had bought out a subsidiary of a major multinational. They wished to improve profitability by reducing the cost base and creating and implementing robust purchasing, warehousing and distribution processes.

Our Approach

Our consultants worked with the senior management team to identify the true costs associated with each brand route to market and to define process strengths, weaknesses and risks. We then introduced alternative scenarios with cost/benefit/risk analyses, inputting our knowledge of industry best practise, “best of breed” suppliers and 3rd party distribution services.

A model was created of each alternative which allowed modification in a live workshop environment to demonstrate the impact and inter-relation of each parameter. Modelling facilitated the management team’s decisions on developing a holistic strategy encompassing cost, customer service, warehousing and purchasing, based on quantitative numbers rather than instinct.

Our consultants re-engineered the purchasing, replenishment and storage processes and procedures between outlet, central and third party to ensure minimum lead-times, maximum availability and minimum stockholding. They facilitated workshops with the purchasing and distribution teams to develop appropriate control and monitoring mechanisms.

Our consultants developed the implementation plan and supported the internal project team throughout with on and off site involvement in achieving their objectives. Among other things this involved training the central function in new procedures over the course of a number of workshops. In addition, nominating a range of alternative providers and managing the tender and selection process.

Benefits

- Total cost of delivered product reduced from 16.6% to 11% of turnover.
- Full transition from old system to new achieved within three months. Cost savings generated by the end of week one.
- Delivery frequency to most stores increased to daily with resultant decrease in storage and increase in sales area.

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