



Case Study

Strategic Distribution Review Warehousing & Distribution

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Warehousing & Distribution

The Consultancy Company has developed proven techniques in warehouse and inventory strategic development. We are able to provide a team of analysts, with project management experience, who take a pragmatic view of the theoretical options, proposing practical solutions and preparing detailed project plans for implementation.

During this project our consultants worked hand-in-hand with Bosch Siemens staff to find the optimal warehousing and distribution solution that would combine their long term company needs with significant short term bottom-line improvements.

Background

BSH is the UK sales and distribution organisation for Bosch and Siemens with a turnover in the region of £400m. Some 10% of turnover is consumed by direct warehousing and distribution costs.

At the start of our consultancy work with Bosch Siemens its main UK distribution facility was located in Wolverton and provided 280,000 sq ft of low rise warehousing. This housed approximately 4 weeks stock cover valued at £20 million. Products were supplied from six European factories located in Germany, Poland, Greece, Turkey and Spain, with plans to begin sourcing from low cost economy countries.

Inbound activity took place at night with on average 50 vehicles being received each day. All inbound freight was organised and paid for by the individual supplying factories. Conversely, outbound activity took place during the day with an average of 100 loads being shipped. These were a mixture of full loads to one or two destinations and multi-drop runs. The outbound transport was outsourced to fourteen different third party suppliers on a regional "best-of-breed" model.

The Challenge

The Wolverton warehousing facility had become too small and could not be extended. Volume growth in recent years had resulted in the extensive use of external third party warehousing acquired on an ad-hoc basis. This situation was becoming increasingly unmanageable as the business grew. There was also a desire to simplify the outbound transport arrangements and to achieve cost savings.

Bosch Siemens was expecting significant growth in sales and volume over the next five years; they asked The Consultancy Company to address the issues that would arise from this predicted increase in 'traffic'; and in consultation with Bosch Siemens produce a new warehousing and distribution strategy.



'We had become victims of our own success, fast growth was putting more and more pressure on our limited warehousing and showing up flaws in our transport systems. The Consultancy Company helped us step back and reassess our options. We found modelling an excellent way to clarify different options and their cost implications.'

Joe O'Sullivan
*Group Logistics Manager
Bosch Siemens Home
Appliances*



'Blending the output of the inventory modelling with the warehouse location modelling helped provide an optimised solution.'

Fraser Geekie

Director

*The Consultancy
Company*

Our Approach

Understanding the Current Position

Our consultants carried out a review of warehouse strategy, looking at warehouse configuration, storage and utilisation, processes and product flow, handling costs, logistics, service levels and inventory. They also reviewed Bosch Siemens forecasts and strategies, talked to personnel in the UK and Germany and assessed the full impact of forecasts requirements and policy changes on the current warehouse strategy.

Investigating Options

A number of strategic scenarios were modelled. This process identified that an additional warehouse facility was the optimum solution in this instance. Drawing upon our independent and detailed knowledge of the UK and European warehousing and distribution industry we explored all options that could address the issues that arose from the assessment, looking at warehouse locations, size, cost, flexibility, opportunity; buying, renting, rebuilding and expanding. The integrated nature of our modelling tools allowed the warehouse location costs to be analysed in parallel with optimising distribution from each proposed location giving a view of the optimum total cost.

Inventory Modelling

Through inventory modelling, the optimum disposal of stock across the legacy site and the additional site were determined, so as to achieve required customer service levels whilst minimising the impact on working capital and transport costs.

Optimising logistics costs

An assessment was made of the logistics costs that would result from various alternative options. This involved exploring opportunities to use the various modes of transport and providers available. Using current benchmark costs to establish the best target costs for outbound and inbound logistics, the number of transport providers was rationalised by identifying best fit carriers and hauliers through a competitive tendering process.

Producing and implementing the new strategy

Our warehousing, inventory and transport consultants worked together with Bosch Siemens to develop and present alternative business cases as part of confirming and refining the new warehousing and distribution strategy. This project management also involved:

- Management of the invitation to tender process
- Production of an Economic Efficiency Study
- Presenting, confirming and refining the new Strategy through the facilitation of internal cross functional workshops
- Transferring knowledge from the Consultant Team to Bosch Siemens
- Preparation of all contracts and service level agreements
- Developing a detailed project plan for the implementation of the strategy which highlighted responsibilities and key milestones.

Our approach is always to work closely with our clients to ensure we implement the practical and pragmatic solutions that are suitable to their supply chain challenges and their company needs.

Benefits

As a direct result of our support Bosch Siemens benefited from:

- A strategically located facility sized to meet growth plans and changing product mix.
- Big savings as a result of an optimised inventory across a two-site operation.
- Quick wins that delivered benefits to Bosch Siemens even before implementation of the new warehouse strategy.
- Transport savings of over 15%.
- A new warehouse strategy that will support Bosch Siemens business growth ambitions into the future.
- Effective inbound and outbound strategies that will satisfy agreed customer service levels and deliver cost reductions.
- A thorough understanding of the cost drivers in the current and chosen strategies.
- A sustainable long term solution facilitating business growth.



'We were pleased that as well as solving long term warehousing challenges we were able to help Bosch Siemens make significant savings on their transport costs.'

Ormond Hooper
Consultant
The Consultancy
Company

Would you like to hear more?

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