



# Distribution Effectiveness



“Modelling helped make the options we were presented with come alive, and our strategy decisions much clearer. The Consultancy Company’s blend of knowledge and pragmatism really helped move us forward with confidence.”

**Alan Armstrong**  
*Operations Director*  
*Volac International*

## Distribution Effectiveness

Step changes in the distribution industry are rare. Many of the fundamental principles underpinning an efficient and optimised distribution operation have been established for many years and, in the main, have remained unaltered. The financial payback on expensive technical advances is slow, and measurable improvements in customer service are often difficult to determine – RFID and voice picking being the most recent examples.

**The real opportunity to improve Distribution Effectiveness frequently lies in optimising the current operations in light of changing activity profiles and service performance. Our step-by-step approach concentrates on the following areas:**

### Inventory Management

Lean approaches to inventory in order to reduce working capital, late product customisation and ever shortening lead times, have all resulted in more complex inventory management and stock deployment challenges.

### Warehouse Optimisation

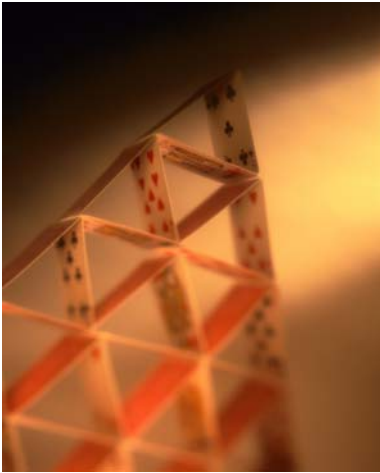
In warehousing, the development of automated solutions has perhaps been more dramatic, to the extent of enabling ‘lights out’ operations. However, the levels of investment required for high-bay warehouse facilities, mechanical handling equipment, and supporting systems require long payback periods. There are few businesses that can guarantee that such an automated facility will fulfil the needs of the business for ten or even fifteen years. Therefore, with escalating property and labour costs, ensuring warehouse optimisation is an on-going challenge.

### Transport Optimisation

Advances in vehicle design have evolved gradually. However, changing distribution profiles and more demanding customer service requirements, along with increased operating costs (notably fuel and driving time regulations) and growing concerns over carbon footprint, really do drive the need to ensure transport optimisation through the right solution design and fleet mix.

### Distribution Outsourcing

Deciding if your distribution activity should be in-house or outsourced (either fully or partially) can be a challenge. There are many factors to be considered - business focus, core competencies, effectiveness, management control to name a few. Distribution outsourcing to a third party logistics organisation is common place, yet a high level of dissatisfaction is often expressed. Selecting a partner who can really add value is a complex process, but getting it right can deliver real success for all parties.



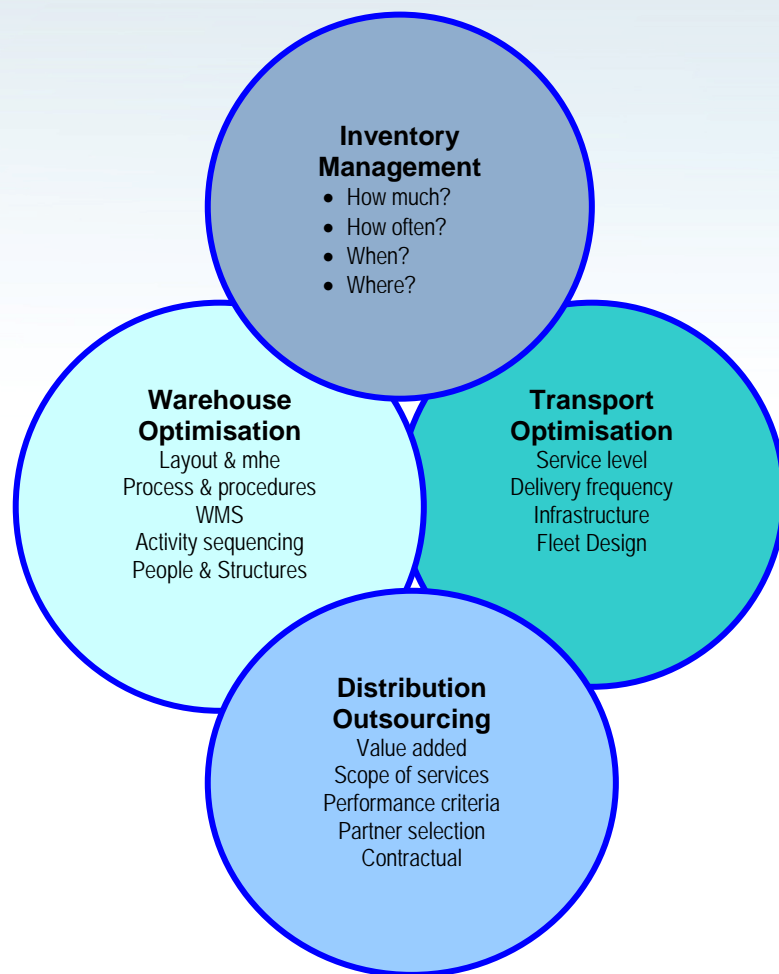
‘Changes in activity profile are often gradual and can remain undetected for months. Then, unexpectedly, issues will start to arise: redundant stock, aisles frequently blocked, delays in picking and preparing outbound loads, gradual increase in error rates, poor vehicle utilisation, increased customer complaints, a rise in credit notes - ultimately all adding unnecessary cost.’

**Ormond Hooper**  
Consultant  
*The Consultancy Company*

As your business endeavours to establish or enhance market presence by remaining one step ahead, it is often the ever-changing demands of customers, throughout the supply chain, that create the need to ensure operations are flexible and can respond to these constantly changing demands.

### So where do we start to make changes?

The trigger for a review of **Distribution Effectiveness** could be one of many things, though it is often a combination of factors which, over time, become unacceptable to the business.



The initial trigger may well provide the focal point for the commencement of an operational review, but there is often a cycle of inter-active elements which all have to be considered. Changing one aspect typically impacts elsewhere and, to ensure a sustainable solution, a holistic approach must be taken.

## So how do we approach Distribution Effectiveness?

It is all about delivering a competitive edge with logistics being transformed into a significant added value service to the operation rather than a necessary evil. Radical changes may not be necessary, you may well have parts of your operation that function to high levels, be they outsourced or in-house. Our process builds on these and seeks to minimize change and risk whilst delivering overall step improvements in performance.

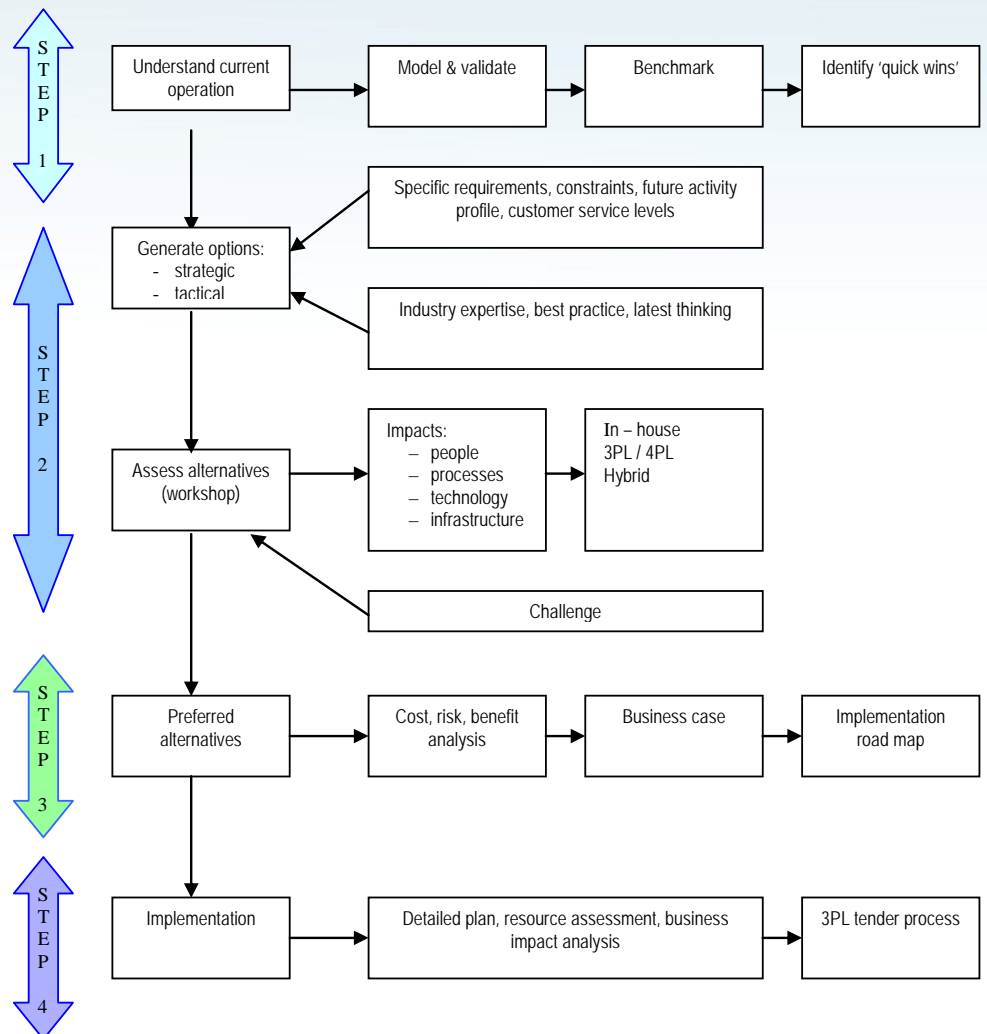
Our approach has been developed from the experience of our consultants, both as senior operators and through our support of clients seeking to improve their distribution operations.

The Consultancy Company's approach typically follows a number of steps, though the detail is developed with each client as every business has its own specific idiosyncrasies or requirements that must be considered to ensure an appropriate solution. Our approach is one that can be tailored to apply to individual aspects of a distribution operation or as part of a holistic approach for a complete **Warehousing and Distribution Effectiveness Programme**.



“We can help you reap both the short and longer term benefits of a fit and revitalised distribution system.”

**Fraser Geekie**  
Principal Consultant  
The Consultancy Company



Although this shows the complete program, each step can be considered in isolation dependent on the level of support needed. On completion of the programme clients are in charge of a fully operational solution, confident that it will fit their needs (cost, service levels, flexibility and growth).

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