



Case Study

New distribution system to
improve service levels

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The country's leading supplier of tyres has been working to keep trucks *off* the road, putting in place a new distribution system designed to increase service levels, save money, time and CO² emissions.



“The Consultancy Company’s industry experience was incredibly important in helping us. We knew what the solution was going to look like: what we wanted was practical help with the action plan, and with the complexity of the project management.”

Neil Arnott
Head of Supply Chain
Kwik-Fit

The Client

Kwik-Fit is an automotive repair and servicing company specializing in tyres, MoT testing, car servicing, exhausts, brakes, and air-con, with an annual turnover of over £750m.

They are the UK’s leading supplier of tyres, with in excess of 660 retail centres across the country, open seven days a week.

The Challenge

Kwik-Fit was finding it increasingly logistically demanding to keep its centres supplied with tyres. Tyre variety had increased greatly over recent years to 900 sizes across 4,500 brand and dimension combinations. Even Kwik-Fit’s biggest selling tyre might only represent 2% of its total sales.

With five major manufacturers making regular delivery runs using their own transport arrangements according to their own schedules Kwik-Fit staff found they were dealing with five or six deliveries a day. This took them away from serving customers. It also increased costs and paperwork, and represented a significant environmental impact.

Our Offering

Kwik-Fit came to the conclusion that a national distribution centre (NDC) could create considerable cost benefits, while improving customer service and reducing the company’s environmental footprint.

The NDC would order stock in accordance with forecast demand, and make a single consolidated delivery to retail centres on a daily basis. And, rather than return empty lorries to the distribution centre, the company also envisaged creating a “closed-loop” system in which used tyre casings would be collected for recycling.

This major reorganisation of Kwik-Fit’s distribution system called for specific expertise and capabilities, particularly in the areas of supply chain management, call centre operations and the creation of the distribution centre itself.

Kwik-Fit asked The Consultancy Company to work with them to make it a reality. Our consultants not only had experience of working with major tyre manufacturers, but they could also draw on the range of disciplines needed to deal with such a large, cross-functional project.



“The initial responses from the third party logistics market had been highly diverse. We created a tender analysis process that allowed objective comparisons between the bids and established that the ‘closed loop’ concept was viable.”

Fraser Geekie
Director
Industry & Supply
The Consultancy
Company

Our Approach

- During the first phase of the project our consultants undertook strategic evaluation of the ‘tyres supply chain’ including modelling and evaluation of alternative solutions.
- Together with Kwik-Fit we developed the project plan to implement the desired solution (a centralised NDC) involving a cross divisional team in a thorough review of core business processes.
- Our hands-on project management successfully delivered the solution including:
 - Outsource logistics tender process and evaluation/ selection
 - Warehouse design
 - Call centre operation migration and upskilling
 - Supply chain re-engineering and stocking policies / stock-build including supplier partnership programmes
 - Supply chain departmental reorganisation, recruitment, redundancy.
- We redesigned and implemented procure-to-pay and order-to-cash processes along with associated detailed IT project management.
- Coordinated smooth transfer from legacy to desired infrastructure including training on 3pl contract management best practice.

Benefits

- The creation of a fully operational National Distribution Centre holding a complete inventory of tyres.
- Retail Centre tyre deliveries arriving six days a week, with orders consolidated into a single roll cage, with a single piece of paperwork, for easy re-stocking.
- On-shelf availability now at between 95 and 97% (previously 70 - 80%).
- Reductions in cost and road miles, resulting in improvement in service, as both the stocks in the NDC and the regular replenishment of the retail centres are based on accurate forecasts.
- Simplified delivery system has resulted in time and money savings, and also cleared valuable retail space for Kwik-Fit’s other activities: exhaust, brake and glass repairs, as well as servicing and MOT testing.
- Empty roll cages are filled with used tyre casings which are shredded on-site and are taken back in the delivery vehicle for recycling, ensuring that Kwik-Fit’s distribution fleet is 100 % utilised.
- A greener company; a reduction within Kwik-Fit’s supply chain of 3 million road miles per annum, over 1 million litres of diesel and 3,000 tonnes of CO² emissions.

Can we help you?

For an initial meeting call:

Jeff Camborne-Paynter

07850 509988

The Kidlington Centre
High Street
Kidlington
Oxford OX5 2DL

T +44 (0) 1865 841177

F +44 (0) 1865 841155

Cinnamon House
Cinnamon Park
Crab Lane, Fearnhead
Warrington
WA2 0XP

T +44 (0) 1925 661715

F +44 (0) 1925 661800

info@the-consultancy.co.uk
www.the-consultancy.co.uk

REGISTERED ADDRESS
15-19 CAVENDISH PLACE, LONDON W1G 0DD
REGISTERED NUMBER 2861227