

DISTRIBUTION OUTSOURCING – DRINKS' MANUFACTURER

CLIENT BACKGROUND

As part of an overall review of logistics strategy, Harold Whitehead & Partners (HWP) were asked to conduct an Invitation to Tender (ITT) for distribution services by a leading UK soft drinks' manufacturer.

The ITT covered customer delivery from their two production sites and four distribution centres and inter-site shipments between all sites. The business had annual sales of 64 million cases and a distribution budget of £10m.

APPROACH AND METHODOLOGY

HWP conducted a detailed analysis of the existing operation to determine the demand profile in terms of the volume/geographic split, daily variations in demand, monthly seasonality and order size. We also reviewed current working practices and procedures and the existing distribution arrangements.

This enabled us, in close consultation with client management, to draw up a clear Specification of Requirements.

It also enabled us to model the existing operation and determine notional baseline costs; in other words what the distribution costs ought to be.

On behalf of the client we identified and selected potential suppliers and managed the whole tender process. This involved producing and issuing the Invitation to Tender and supplementary data pack, collating the responses, fielding supplier queries and evaluating tender submissions against pre-determined criteria.

We advised on selection for the shortlist and co-ordinated all subsequent presentations and meetings. Following selection of the preferred supplier, we advised on the drawing-up of the final agreement and the implementation of the new arrangements.

RESULTS

As a result of a detailed analysis, a clear and unambiguous Specification of Requirements and a rigorous and competitive tender process, the client was able to simplify the operation, gain greater accountability and improve service.

The exercise enabled cost savings of almost £1m, representing roughly 10% of distribution costs, to be realised through increased efficiency, improved planning and reduced charges.

Harold Whitehead & Partners

Harold Whitehead & Partners enable our clients to achieve their strategic objectives and improve their operational effectiveness and profitability, by successfully implementing their change initiatives.

Founded in 1929, we are the longest established, independent, professional management consulting firm in the UK. The profile of clients and consulting activities has changed over time but our commitment to harnessing expertise, delivering client-focused results and applying acknowledged standards has remained constant. As Harold Whitehead himself put it in 1923, focused professionalism and the positive qualities of "service and constructive suggestion" still hold true for us today.

Another of his principles that has stood us in good stead is to never pre-judge or assume. Every organisation is unique and the decisions they face are specific to their particular situation. This precept is central to our approach and, based on it, we have delivered benefits worth many millions to our clients and provided savings many times in excess of project costs.

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