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[Case Study] How One Internet Retailer Solved Their Logistics Issues

ASOS.com is an online fashion retailer, offering 60,000 products, including womenswear, menswear, footwear, accessories, jewellery and beauty. They offer both brand names and own label merchandise. The retailer rolls out about 1,500 new product lines per week. They service 6.5 million active customers, with about 23 million new customers visiting their website each month. ASOS deals mainly with high-end fashion merchandise.

Situation



Image via [Flickr](#) by Eva Renaldi Celebrity and Live Music Photographer

On December 11, 2005, the warehouse where ASOS accepted customer orders, processed those orders, and shipped merchandise was heavily damaged by an explosion at the nearby Bruncefield oil depot, which [damaged more than 80 buildings](#). At the time, ASOS was growing by 80 percent

per year, and the explosion occurred during their peak order season at Christmas time. The damage was so serious that it forced ASOS to cease accepting customer orders. Though insurance covered the losses to the company due to the damage and loss of sales, rebuilding was a daunting process.

Additionally, the current facilities and warehouse management system were inadequate to handle such a tremendous growth. The company needed to address their logistics issues, which according to CEO Nick Robertson, was the single biggest drain on their resources. After the explosion, ASOS requested that buying and selling of shares of their company be frozen until they regrouped in January of the following year.

Approach

ASOS entered a partnership with Unipart Logistics almost immediately following the explosion, which enabled them to quickly resume taking and fulfilling customer orders. The two also opened communications with their buyers and merchandisers in order to develop an improved system of operations. The new 52,000 square foot warehouse was located in Hemel Hempstead. The plans involved bringing in new expertise and training, as well as developing a system of mapping, monitoring key performance indicators, and improving communications.

The concept of project management also helped. ASOS had not previously used the practice until the experts at Unipart trained them in it. They also introduced better systems for handling inbound goods, as well as improving the process for customer returns.

Impact

The new system was able to help ASOS maintain operations even while the building was being repaired. It is capable of identifying when the company needs to reduce their inventory. It resulted in a 32 percent reduction of cost per unit, even before the complete warehouse management system rolled out. The time it takes from receipt to location went down by 80 percent, and the company now has an accurate process for confirming that merchandise is as the customer ordered before shipping.

The new system also helped ASOS meet customer demands for next day delivery. The employees are able to handle returns and process credits back to the customer in a single day, whereas the old system took two to three days. The costs of transport and deliveries have gone down by 5 percent. Morale at the company is also higher because employees have an easier time doing their job, and they are better able to satisfy their customers' demands.

The New "Must Have" Business School Class: Supply Chain Management

Bloomberg calls supply chain management, "The Next Big Thing" and the Wall Street Journal touts it as, "The Hot New MBA". What's driving this trend? Here's the need-to-know of supply chain management in business schools.

Why Supply Chain Managers are In Demand



Image via [Flickr](#) by IntelFreePress

Supply chain management used to be an unglamorous gig. Most were relegated to working with a small segment of the business, virtually isolated from the rest of the company's workings. Supply chain managers quietly ordered raw materials, arranged for deliveries, and saw that the products were shipped out to customers on time. Now, the increased demand for technology, high quality products, sustainability in operations, combined with a competitive economy that demands high profit returns and low operating costs, have catapulted [supply chain managers](#) in both demand and status. Supply chain managers sit at the highest levels of the corporate boardroom.

Schools Offer More Supply Chain Management Programs



Image via [Flickr](#) by University of Salford

As a result of this growing demand for competent employees to respond to increasingly complex supply chain issues, colleges and universities are opening [new classes and developing new majors](#) of study to train these professionals. According to the Advance Collegiate School of Business, supply chain management programs have increased by 25 percent in the past few years, with schools like Lehigh University's College for Business and Economics and North Carolina State University's Poole College of Management adding undergraduate study programs in the discipline. Some schools are turning away applicants due to heavy demand and relatively small class sizes.

Why Supply Chain Management is an Attractive Major to Students



Image via [Flickr](#) by dsearls

There are lots of reasons students are flocking to supply chain business school. Of course, they know there's a growing demand for these professionals, but students also are attracted by the vast [possibilities](#) the career path holds. Trained supply chain managers can get a job most anywhere in the world. Furthermore, these careers are available in an exciting variety of industries, including fashion, technology, manufacturing, automotive, sports equipment, food production, and many others. These graduates aren't locked into a future of just one opportunity, they can pick which industry most interests them as well as what part of the world they'd like to exercise their skills.

How to Tap Into the Lucrative Future of Supply Chain Management



Image via [Flickr](#) by 401(K) 2013

Many of the current supply chain managers have come from different disciplinary backgrounds: business, finance, or production work. They gathered knowledge, experience, and training along the way that prepared them for a career in supply chain management. However, today and into the future companies will likely be looking to hire people with specific training and education in supply chain management. Those interested in such a career need to maintain good grades through high school to compete for the small number of slots available in university programs.

Choose an accredited program which offers a specific track for supply chain management, as opposed to a generalized business degree. An internship in the industry is helpful on a resume. Take a full [range of classes](#), including logistics, inventory, sourcing, reverse logistics, environmental science, outsourcing, and product design. It takes an understanding of all these disciplines to successfully manage a supply chain.

The lines between business and supply chain management are increasingly blurring, and those with a broad range of skills are in the best position to capitalize on their education in the marketplace. How will you take advantage of this emerging economic trend? Share your thoughts in the comments below.

[Case Study] How Balford Farms Improved Order Accuracy

Ballard Farms is the oldest continually operating dairy distributor in the greater Philadelphia area, founded in 1891. It serves parts of Pennsylvania, New Jersey, Delaware, Maryland, Virginia, and Washington D.C. with orders of milk, cream, ice cream, drinks, cheeses, and other gourmet foods. Their customers include restaurants, convenience stores, coffee retailers, frozen dessert retailers, and institutions including nursing homes, schools and universities. With 200 employees and \$70 million in yearly revenue, the company boasts a product line of over 1,000 items.

Situation



Image via [Flickr](#) by [_gee_](#)

Ballard Farms wanted to improve their home-grown distribution center management system by improving the accuracy of customer orders, bettering the productivity of their workers, and raising their level of customer satisfaction. The old system required workers to use lengthy four page order forms, crammed with as many as 30 items per page.

There were three separate categories of order selections, and workers had to navigate these confusing and tedious sheets while wearing helmets, gloves, and other heavy gear needed when working in refrigerated environments. The helmets made it even more difficult to see the items marked on the order sheets, according to chief information officer Wayne Baldwin. This caused inaccurate orders, low productivity, and low morale among distribution center workers and drivers, who had to field complaints from customers when delivered orders weren't satisfactory.

Approach



Image via [Flickr](#) by quinn.anya

Ballard Farms chose a voice activated order selection system to replace their old, cumbersome paper system. They employed automated picking sequences, which allow workers to fill orders by a route, by the customer, or by a combination of route and customer. The system was far simpler than their old, home-grown paper system, and according to Baldwin new workers were able to pick up the new system, learn it within just a few minutes, and become productive fast.

The system was designed to help workers as they received products into the warehouse, selected products to load onto delivery trucks, and help make more accurate deliveries to the customers. It was easier to use than paper, especially in a busy work environment where workers are suited up for low temperatures throughout the work day.

Impact



Image via [Flickr](#) by Royalty-free image collection

The new voice system is now being used by 13 employees, and Ballard Farms plans to keep expanding the system as the company grows. Customer satisfaction levels are up, according to one of their route drivers, George Call, who is also a member of the Teamsters truck drivers' union. Baldwin says the union employees, managers, and customers are all happier with the new system, primarily because it eliminates the errors caused by the old, cumbersome system of papers.

Baldwin expects that the new voice system will pay for itself within one year of implementation. The system is also more flexible, which allows for a streamlined order selection process. The system allows them to receive their products, store them properly, keep track of the inventory within the distribution center, and deliver it to the customer with accuracy and efficiency. Baldwin definitely sees the voice system as being an important part of their long-term business growth strategies.

The Top 5 Trends in Supply Chain Management

Where is the future of supply chain management heading? Read on to learn about the top trends across the best companies in the industry.

1. Finding New Ways to Collaborate



Image via [Flickr](#) by Accelerating Change. Together.

The supply chain professional used to be relegated to the back room, churning away at procurement and logistics. But the [best companies](#) are bringing supply chain management to the topmost executive levels, and using collaboration among professionals, departments, and even other industry leaders to find the best practices. Social media is becoming an important trend in supply chain management, as it is a new and useful way to get information quickly and reliably from suppliers, customers, and carriers.

Social media is also an important tool for predicting situations which can jeopardize the supply chain, such as serious weather, political unrest, or terrorism. Another way supply chain managers are improving collaboration is by leveraging crowdsourcing, wherein managers broadcast an issue their company is dealing with and receive many ideas and suggestions for solving the problem or improving processes.

2. Performance With a Purpose



Image via [Flickr](#) by Northern Ireland Executive

The supply chain professional of tomorrow is also more purposeful. The main area where this is evident is in [sustainability initiatives](#). Supply chain managers are now faced with finding ways to reduce the company's energy expenditures, find greener packaging that holds up to transport, reducing water consumption while protecting fresh water supplies, and other environmental challenges. The best ones aren't just helping preserve the environment, they're lowering their company's operating costs in the process.

3. Finding Ways to Drive Innovation



Image via [Flickr](#) by Dell's Official Flickr Page

As the supply chain professional emerges from the back room and takes a rightful place in the boardroom, they're teaming up with the marketing folks to produce innovative products and services that serve the purposes of the customer as well as the company. Marketing and supply chain managers will be working hand in hand to assure that what looks good for the company in the eyes of the marketplace actually are good for the company in the long-term. This collaboration will produce better innovation all around.

4. Collecting, Analyzing, and Using Available Data



Image via [Flickr](#) by dsearls

Big data is becoming a big problem for companies which haven't yet learned to harness and leverage it. It takes a team of professionals to collect, analyze and find ways to use big data for the benefit of the company. The supply chain managers who recognize the power of big data are going to surpass their competitors quickly. Since there is a [looming talent shortage in the field of big data analysis](#), it's important for supply chain professionals to acquire and keep good analysts as soon as possible.

5. Finding Ways to Increase Visibility in the Supply Chain



Image via [Flickr](#) by Bexar County Economic Development Department

Transparency is another key trend in supply chain management heading into next year and beyond. Visibility can increase revenue while lowering costs, and the [top companies make it a high priority](#). Visibility means that departments within an organization are aware of what the others are up to, but it also means that everyone, including the end consumer, is able to determine where raw materials came from, how they became products, and how those products are handled and delivered to them. It's difficult to read any supply chain news blogs without coming across articles touting the benefits of more transparency.

All of the trends address the growing complexity of supply chain management. Has your company jumped on board with these top trends? Share your ideas in the comments below.

Food Logistics Presents Special Challenges

Whitebread PLC is a leading hospitality company operating in the United Kingdom. Their brands include TGI Friday's, Premier Travel Inns, Costa, Beefeater, and David Lloyd Leisure. For many years, Whitebread's Food Logistics team operated successfully under a warehouse management system from Chess Logistics, however there was room for improvement in their processes to reduce costly errors, labor, and improve delivery quality. The company delivers to 1,400 brand sites every week, making approximately 6,000 deliveries during that time.

Situation



Image via [Flickr](#) by FeatheredTar

Food logistics carries certain general challenges that other goods don't. The foods must be kept at a particular temperature throughout transport, and late deliveries or problematic orders carry the risk of ruining an entire load of perishable food items. This leads to poor quality customer service, as well as dissatisfaction at the points of delivery.

Whitebread specifically faced challenges regarding insight into driver processes. Drivers had to hand log delivery times, claims, and other feedback, which had to be manually entered. This process was labor intensive and error prone. Furthermore, it took about 36 hours for the depot to get feedback on deliveries from the drivers. If a shipment was damaged or wasn't the proper order, the depot could not respond in a timely manner to replace the faulty delivery and maintain a high quality of customer service.

Approach



Image via [Flickr](#) by bulliver

Whitebread decided upon a mobile tracking system to improve visibility during the logistics process. The system allows drivers to report delivery times, load temperatures, and the quality of deliveries in real-time. This reduces the amount of errors that occur during the reporting process, as well as reduces the need for the data to be re-entered by employees at the depot.

The system incorporated handheld mobile units for drivers to carry for entering the data. The data is transmitted through the network and analyzed at the data center. It is then stored in a database which can be used for reporting and tracking deliveries, delivery times, and the quality of the deliveries made. Most of the manual entry was eliminated, meaning the data entry process allowed for fewer errors.

Impact



Image via [Flickr](#) by jamesfischer

According to Whitebread, the information on these 6,000 weekly deliveries is down to just three to five pages of data, which is easily managed by depot staff. Drivers save one half hour per day on paperwork and logging, and about 515 worker hours have been eliminated from their processes each week. This has reduced the number of administrative staff needed to manage the warehouse.

Managers of Whitebread say that the new mobile system will pay for itself within 20 months of implementation. Drivers are also happy with the quicker, easier methods of logging delivery notes, and managers report that drivers would not want to return to the old way of doing things. Loads are now tracked in real-time, so if there is a problem with any delivery, the depot can respond in a timely manner so that customer service remains at a high level.