



Highlights

- ❖ Created 20/30% more free space
- ❖ Saved considerable costs on hiring temporary staff
- ❖ Visibility of increased profitability
- ❖ Increased the speed of picking from days to minutes
- ❖ Running a larger operation with 25% less heads
- ❖ Improved picking accuracy
- ❖ Minimised stock discrepancy
- ❖ Enhanced customer satisfaction through the delivery of a premier service

Business Profile

Croydon Logistics Limited (CLL) is a subsidiary of Chanel, a Parisian fashion house, recognised as one of the most chic organisations in haute couture. With their parent organisation being one of the most recognised names in the luxury and fashion industry, CLL is charged with providing quality logistics and distribution services across the whole of the UK and Ireland.

Challenges

CLL's parent has always enjoyed the status as a high profile, luxury brand, but historically, their back office has needed to work hard to keep up. They have continued to achieve solid sales growth in its UK fragrance and cosmetics business, and have always delivered a good quality service, but at a cost. CLL was quickly running out of warehouse space, and the stock was not always easily located. Capacity management was ineffective, and it was taking far too long to put goods away. There was no logical format, and it was a challenge to know where to pick things.



The combination of an established workforce and running a paper based system was becoming an issue. The short term solution meant an increase in overhead costs, including the need for extra storage and the employment of more temporary staff. Andy Lilley, CLL's Operations Director explains, "We were experiencing business growth, but it was only solved by throwing extra staff at our success."

It was increasingly hard to manage the operation, as Chanel had no warehouse visibility in the number of orders placed, the number of products being shipped and no measurement in the productivity of their staff on the shop floor. "We used to keep a manual book to manage the location of our stock, but it was never kept up to date," explains Bimal Amin, CLL's Logistics Systems Manager. "We relied too heavily on our staff sharing their knowledge, and subsequently had no close management on our stock logistics".

“Chanel had no warehouse visibility of orders placed”

Despite a purpose built facility, CLL recognised that urgent change was needed. "We had been processing, picking and packaging orders in the same way for the last 20 years. It was time for a complete overhaul," explains Lilley.

Selection

CLL's parent organisation has been using SAP since 1998, supporting their business across finance, human resources and inventory management, but had not yet extended their implementation to include Warehouse Management. The previous team had enjoyed the control of handling paper to move stock, but with the appointment of new management, CLL was keen to drive the project forward.

With limited experience within the business, CLL needed to work with a third party. They looked at three partners and Rocket Consulting stood out with their presentation, style and capability. "It was obvious they would bring value to our business and we felt very comfortable as they walked us through their presentation," explains Lilley. "We knew all

Solution Overview

Type of Business

- ❖ Logistics and distribution services for Chanel

SAP Solution

- ❖ SAP ECC 6
- ❖ SAP Warehouse Management

Rocket Packs

- ❖ Warehouse Stock Take-on
- ❖ Warehouse Stock Consolidation
- ❖ Warehouse Operations & Labour Productivity

Mobile Solution

- ❖ SAPConsole
- ❖ Psion Teklogix Handheld RF Devices

three partners could do it, but with Rocket, it was how they delivered this message, and the confidence they gave us with their expertise and the solution to our problem,” continues Lilley.

Solution

Looking more closely at the CLL operation, their warehouse receives bulk palletised perfumes and promotional materials from their various manufacturing sites. These are then receipted into various warehouse locations, and picked and packed based on the needs of the stores. At the appropriate time, the products are picked and carefully packed into boxes and delivered on to the customer. At all stages, there was room for improvement.



CLL looked to Rocket to help improve the efficiency of these warehouse processes and manage higher volumes of stock. This needed to be done with less people whilst increasing the visibility of space within the warehouse. “We looked to Rocket to drive the value out of SAP,” emphasises Steve Wells, CLL’s Warehouse Manager.

Following an assessment of the business, Rocket focused their energies on the redesign of CLL’s warehouse business processes. With the success of this Blueprint phase, the project build was soon underway. “The implementation timescales were tight, as we needed to be live before the end of July due to our peak period in the autumn,” explains Lilley. Initially, there was a lot of internal push back, and together, CLL and Rocket ran a series of presentations running every two weeks to get everyone on board.

Rocket has been instrumental in redesigning and provisioning a complete warehouse solution for CLL, rather than just implementing SAP Warehouse Management. This has included restructuring their physical racking to emulate the storage types in the new system, including part pallets, Euro-sized pallets and over height pallets. The physical operation needed to mirror the way the system was going to work. “We didn’t bring any of the old processes into the system. It was literally a case of out with the old, and in with the new,” highlights Amin. “We had to label all the racking, which took a considerable amount of time”.

As part of their operation, CLL has a lot of promotional activity, and needs to shift high volumes of picks. Historically pulling orders together was inefficient, and going from a manual to an automated system initially caused a headache. “Picking took up a significant amount of effort in the CLL warehouse, as it’s fiddly and repetitive,” explains Amin. “Using Rocket’s Promotional Cockpit, we were able to solve this problem immediately, giving us a view of the staging of materials for promotional sets for stores.”

“Rocket has taken CCL beyond the boundaries of SAP”

Mobilisation of the process has also enabled efficiency in the warehouse. CLL now has complete visibility of the warehouse operation. Replenishment is broken down and put away in time to ensure the pickers are constantly working.

Rocket has taken CLL beyond the boundaries of SAP, and designed and developed improved processes for labelling the products for their larger customers. This has made the supply chain more efficient, as these products are labelled in the right quantities, size and shapes ready for receipt, with advanced shipping notification of this packing informa-



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tion. This is also true for the inbound operation, with advanced electronic notification of the shipments from France. CLL now has visibility of the product shipments to expect, and can then sort and put away products faster. “We have integrated the supply chain up to the supplier and down to the customer,” explains Lilley.

Post implementation did have its challenges, as CLL had underestimated the overnight impact moving from a manual system to an automated one. “We had literally changed all of our processes, and given all the operators a mini PC. We underestimated the problems that would entail,” explains Lilley. However the overall project goals were achieved, through the combined improvements across their organisation and their processes, and using SAP Warehouse Management as the enabling technology. “The project successfully went live, as planned, in time for the Christmas peak,” highlights Lilley.

Benefits

Improved Capacity

With the use of Rocket’s Warehouse Stock Consolidation rocket pack, CLL has minimised the level of stock fragmentation, which in turn has improved the efficiency of replenishment, picking and the overall optimisation of the warehouse operation. “During our peak period of operation, we have managed to create 20/30% more free space,” highlights Lilley. “We are able to pick faster, and have saved considerable costs on hiring temporary staff.” CLL now has a number of disciplines in place, and every week, they ensure further capacity is created.

“ We have managed to create 20/30% more free space ”

KPI’s and improved performance

Operational management has significantly improved, and CLL now has KPI’s in place to help measure the operations success. “With increased visibility, we can demonstrate improved capacity levels and increased profitability,” highlights Lilley. CLL is now utilising the information it has in SAP, and subsequently, their overall processes have become more efficient.

Streamlined Headcount

Implementing Warehouse Management has improved CLL’s productivity. “Historically, our manual system relied on the knowledge in everyone’s heads,” explains Amin. “We have reduced the time it takes our temporary staff to get up to speed and start picking from weeks to 30 minutes. This is a major leap forward.” Compared to 2004, CLL is now operating with less people. “In fact we are running effectively with 25% less heads than we projected,” highlights Lilley. “And this is in a time of increased revenue and business growth.”

Improved logistics

Improved processes have also benefited CLL’s inbound deliveries. It used to take 2 to 3 days to unpack inbound deliveries and make stock available for sales orders, and although the stock was physically in the warehouse, they were not available to Chanel’s customers. “We have now halved this time and stock is now in our system and available for customers to order within 24 hours of delivery,” says Wells.

Quality and Accuracy

Improvements haven’t just been about speed and cost saving. CLL now enjoys a far more accurate stock taking process. “Our process has changed, and the number of discrepancies has vastly improved. We are now 99.2% accurate which is a significant improvement,” says Lilley. “Improved processes have also meant improved picking accuracy. Our target was a level of 0.05% accuracy, and we are currently running at 0.04%,” continues Lilley.

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Flexibility

With improved visibility of the overall operation, CLL is able to react quickly to their customer's requirements. With increasing demands from the retailers, CLL would have been challenged with the original manual system. "We would have struggled to respond to their specific labelling or barcode requests," explains Wells. "It is now a much less painful process." The solution has helped CLL look at other areas of their business, and improvements have been made in packaging, picking and transport. "Having routing labels for the carriers has made them more efficient," continues Wells.

The organisation now understands the role everyone plays, has good management in place, and enjoys continuous improvement. "It used to be difficult to get orders out, and now, with the enhanced warehouse management solution, it's been our best Christmas yet, and with less costs in comparison to previous years," highlights Lilley. "CLL has achieved overall efficiencies in space and people and has extended the life of the warehouse."

Summary

Wells highlights, "The whole process and partnership with Rocket has worked well. We didn't have all the relevant experience, and needed to be driven. They have been a constant source of support and advice throughout the project and ongoing."

CLL has been impressed with the level of communication and documentation Rocket has delivered. In particular, they recognise the quality of Rocket's consultants, and the manner in which they have shared their advice. Lilley goes on to say, "Rocket is open, transparent and very professional. They are very good at thinking outside the box, and don't look at today, but always look at tomorrow".

“ We are now never late on deliveries, we deliver on time and in full ”

Looking back on where they were, and the significant difference in how they now manage their warehouse, Amin goes on to say, "We recognise it has been a high profile success. We are now never late on deliveries, we deliver on time and in full, and we do this more efficiently."

CLL's overall distribution costs in 2009 will be less than 2004 in a business that has grown in the same timeframe. "We have always invested in protecting the Chanel brand, and that is why we used Rocket Consulting to implement SAP Warehouse Management," concludes Lilley. "We needed to demonstrate a premier service as well."

Lessons learnt

- ❖ Ensure you prepare your master data. This will save you a lot of issues further down the line.
- ❖ Ensure the necessary people are committed to the project, and have the right amount of time allocated.
- ❖ Recognise the importance of cutover, and ensure that there isn't a backlog of orders.
- ❖ Be thorough with your testing. It always needs to be more rigorous than you think.

