

Distribution & Transportation Rapid Assessment

A service offered by Clicks & Mortar Consulting

The need to control costs & continuously improve operations has never been more imperative

- ❖ *Retailers, Wholesalers & Distributors operate in a highly competitive marketplace. The need to control and reduce operating costs has never been greater. Understanding current performance and identifying opportunities for further efficiency in distribution and transportation is a high priority*
- ❖ *Key issues that may be pressuring supply chain costs include: escalating transportation costs both on global and domestic freight movements, increasing customer service expectations, recruitment & retention of qualified workers influencing productivity and accuracy.*
- ❖ *Clicks & Mortar offers its Distribution & Transportation Rapid Assessment service to enable its clients to quickly benchmark current performance and identify opportunities for rapid improvements, paving the way for a step reduction in operating costs.*

- ❖ Utilizing our industry expertise Clicks & Mortar will identify, through a short on site evaluation, the performance benchmarks and the immediate opportunities for improvement in distribution centers and transportation operations.
- ❖ We aim to help you answer key questions such as:
 - *How does our performance compare with industry standard benchmarks of key statistical measures?*
 - *Have we got a effective transportation spend management process in place?*
 - *How can we achieve a step improvement in warehouse productivity?*
 - *Are we utilizing the optimum warehouse storage & selection media?*
 - *What are the opportunities to utilize technology more effectively?*

Our industry experts rapidly assess the opportunities for focused improvement delivered quickly

Our track record of rapid delivery of improvement

- ❖ **Mid western retailer:** We identified efficiencies in warehouse, transportation, procurement optimization and selective outsourcing that would capture \$14 million in annual savings. We were retained by the client to implement this plan that resulted in a reduction of supply chain costs by 1% of cost of goods.
- ❖ **West coast retailer:** We determined 37 supply chain improvements which were ranked and prioritized. Many were identified for fast track implementation. Annualized savings of \$6 million were identified. In addition 5 scenarios were developed for the network strategy with a different mix of in-house and 3PL.
- ❖ **National grocery retailer:** We discovered \$90 million in inventory savings that could be captured in distribution centers integrating with suppliers average replenishment cycles. A separate strategy identified reductions of \$120 million in store inventory without impacting customer service levels.
- ❖ **Large southwest retailer:** We evaluated the use of more technology in transportation operations. Effective planning ensured rapid recovery of systems investment. As part of the discovery process, immediate operational improvements of over \$3M annually were identified.

We quickly assess the situation, define the opportunities and deliver a plan

Rapid Timeline

Discovery

- ❖ Understand current supply chain operation
- ❖ Review existing supply chain processes
- ❖ Evaluate warehouse & transportation asset utilization
- ❖ Examine current & proposed technology support
- ❖ Obtain current supply chain performance metrics

Assessment

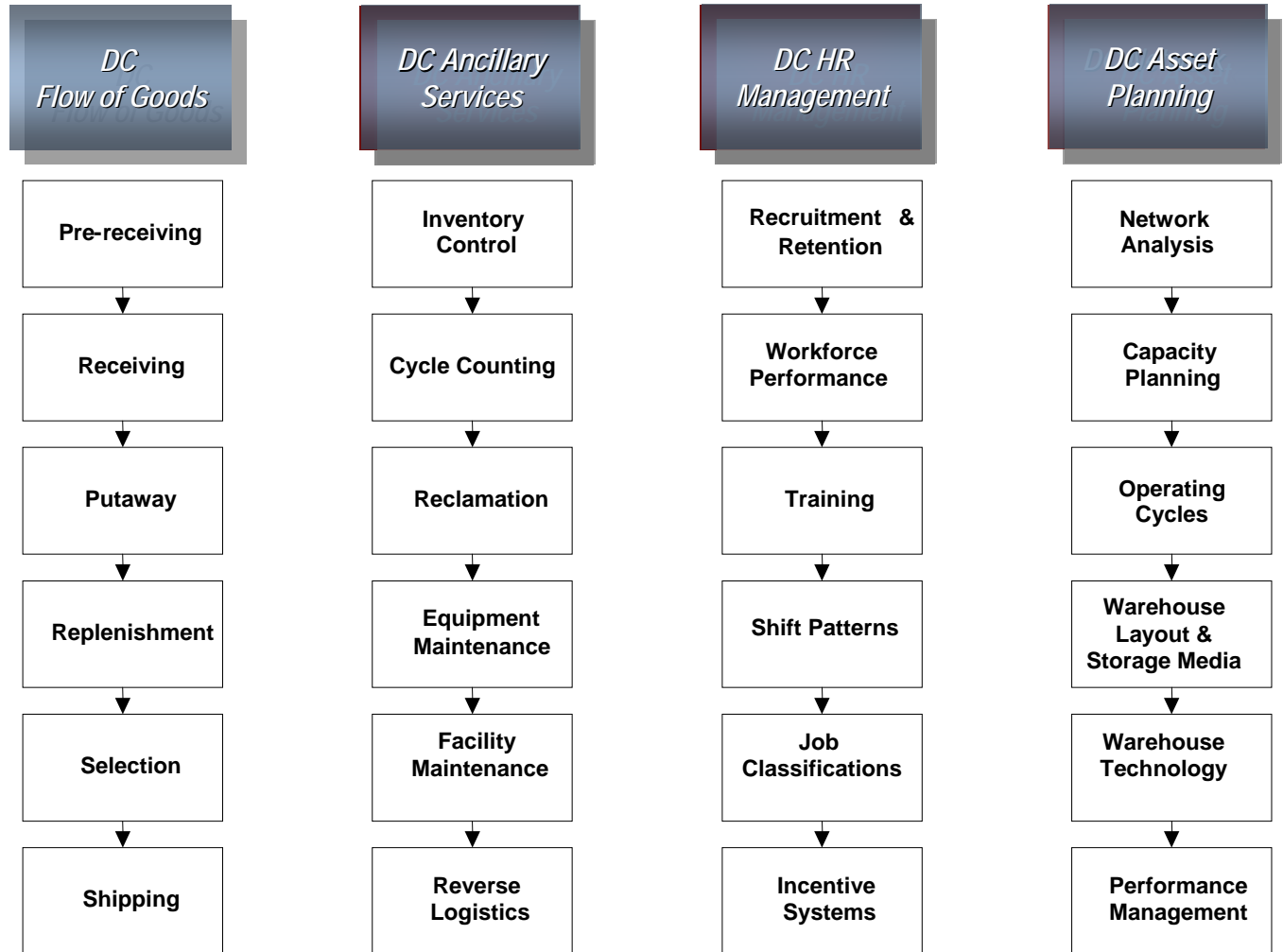
- ❖ Consolidate findings from discovery phase
- ❖ Validate current state by benchmarking
- ❖ Analyze strengths & weaknesses
- ❖ Develop improvement strategy

Recommendation

- ❖ Present opportunities from key benchmark analysis
- ❖ Highlight quick wins for rapid payback
- ❖ Prioritize mid term opportunities
- ❖ Recommend longer term investments in efficiency

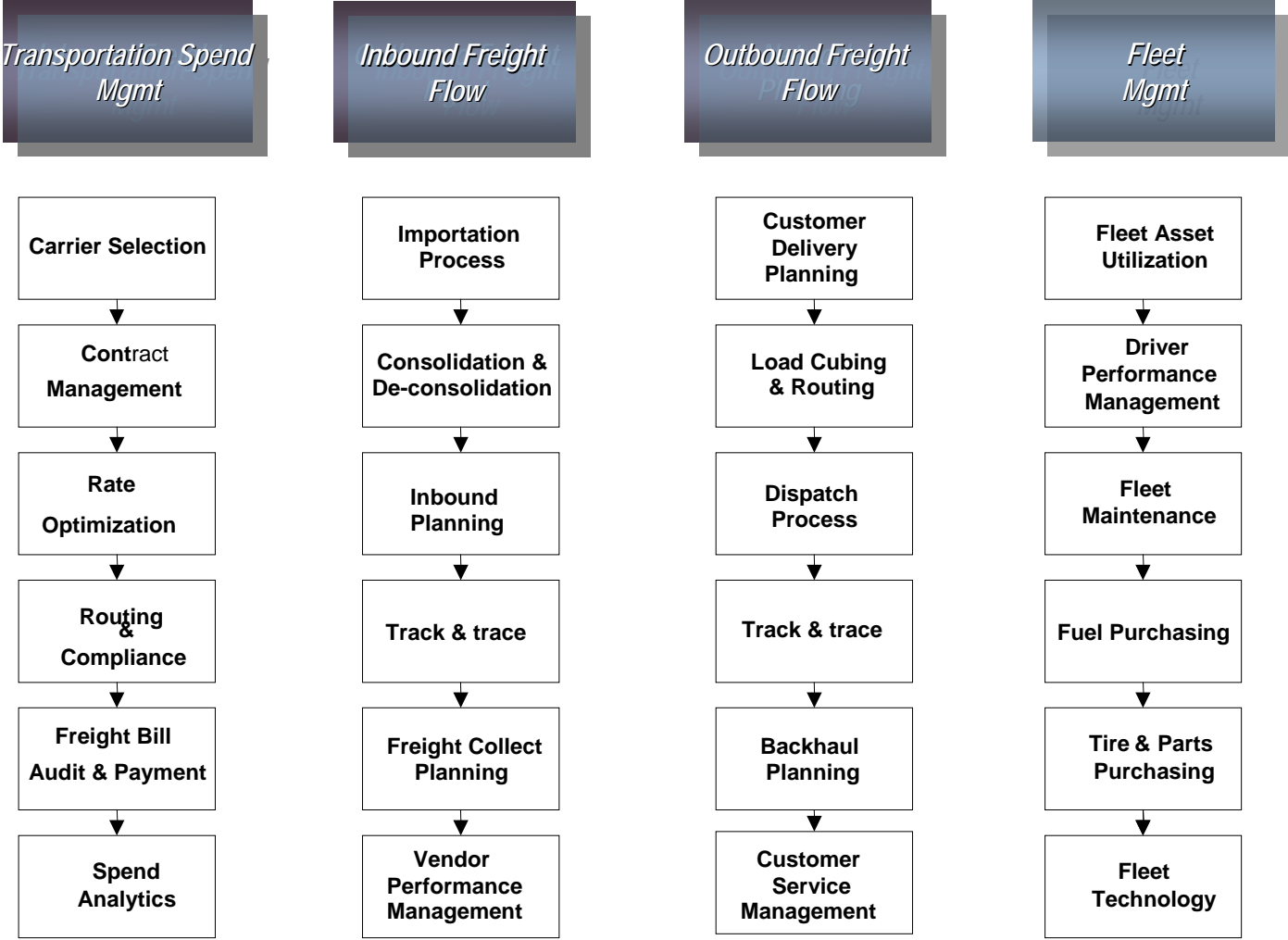
Distribution Center Process Analysis

Distribution center processes examined and effectiveness assessed



Transportation Process Analysis

Transportation processes examined and effectiveness assessed



Benchmarking on a broad range of performance indicators used to guide the search for improvement opportunity

- ❖ An important part of the rapid assessment process is the capture of as many key performance indicators as possible. Up to 40 metrics can be used depending on client data available in the timescale of the project
- ❖ Functional areas that can be covered include:
 - *Customer Service*
 - *Operational Control*
 - *Financial Management*
 - *Capacity Utilization*
 - *Inventory Efficiency*
- ❖ Using these measures we will benchmark current performance to help determine the major areas of potential performance improvement
- ❖ Our report will contain detailed benchmark comparisons with a wide industry supply chain performance survey.

*Low cost,
high value &
fast delivery*

- ❖ Clicks & Mortar will deploy industry experts: Mike Powell & Gary Stephenson on site. A fixed fee and rapid project timeline will be determined in conjunction with the client, based on the agreed upon scope, depth and breadth of the assessment.
- ❖ We will require time input from your key executives in company management, including distribution, procurement, transportation, logistics, IT and financial control. We will prepare a pre-visit survey which helps to shortcut the discovery and evaluation timeframe.
- ❖ A report will be prepared off site and delivered to you within two weeks of the completion of the on site activity. This will highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency.

Mike Powell

Mike has 30 years experience in supply chain. His specific skills include: network planning, warehouse & transportation operations and information systems. He has held key executive positions with leading US and UK retailers. As SVP, Supply Chain at Shaw's, he successfully managed the integration of Shaw's and Star Market distribution operations. Previously, he led the supply chain at a UK home improvement chain and also a leading UK grocery retailer. Consulting clients include CVS, Schnucks Markets, HEB, Save-a-Lot, Advance Auto Parts, PetsMart, Food Lion and Wal-Mart

Gary Stephenson

Gary has more than 30 years retail consulting and industry experience . His expertise includes accounting, IT, supply chain, process improvement, manufacturing, store operations and outsourcing. He has served as a Vice President of both Auchan and Worldwide Chain Store Systems, as well as held senior consultant positions with Arthur Andersen, KPMG and Kurt Salmon Associates. His many international clients include: A&P, Kroger, The Limited, D&W Foods, Canadian Tire Corporation, Lane-Bryant, Ontario Liquor Control Board, Pathmark, Meijer, J Sainsbury, Sears Canada, and Aeon (Japan).

- ❖ *The Clicks & Mortar Advantage*
- ❖ *Relevant Case Studies*
- ❖ *Representative Clients*

Our Value Proposition

Experience

- ❖ Our depth of experience enables us to identify opportunities and provide practical solutions and benefits quickly
- ❖ Everyone on our team is a seasoned professional with hands on senior executive experience

Knowledge

- ❖ We use our broad knowledge base of industry best practice to achieve superior performance
- ❖ This strength enables us to determine what will work and why.

Collaboration and Teamwork

- ❖ We work closely with the client's executive and operational management to transfer knowledge
- ❖ We communicate clearly and candidly during the on-site assessment

Approach

- ❖ We use clear, precise and logical steps throughout all of the phases of the project
- ❖ We highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency

Case Studies

The business issue: This large parts distributor in the automotive sector had inadequate control of its inbound and outbound transportation spend. They were leaving “money on the table” in many areas. The current service provider was underperforming.

The assignment: Develop a thorough understanding of how transportation spend is currently managed. Identify and implement quick hit improvement opportunities. Determine the key functional requirements and construct an RFP to solution providers. Manage the selection process jointly with client management including quantified evaluation process. Support implementation planning

The results: A solution provider was selected from an initial field of ten respondents. Quick hit opportunities were identified particularly on the inbound side of the operation. Full implementation delivered reductions in overall freight spend of about 15% and also service to customers.

Case Studies

Reduce Supply Chain Costs

The business issue: Supply chain costs at this unionized mid-western retailer were significantly higher than the industry average in the face of increasing competition from lower cost operators. The distribution network had outdated infrastructure and limited capacity.

The assignment: Engineer a step change in supply chain performance. Identify and quantify opportunities for immediate improvement using best practices analysis and analytical tools. Improve inventory management. Evaluate selective outsourcing options.

The results: We identified three improvement work streams that would capture \$14 million in annual savings. These included: warehouse, transportation, logistics, procurement optimization, and selective outsourcing. We were retained by the client to implement this plan, reducing supply chain costs by 1% of cost of goods.

Case Studies

Develop Supply Chain Strategy

The business issue: The supply chain network at this west coast retailer was fragmented. Both warehouse and transportation were operating sub-optimally. This had been aggravated by a recent substantial acquisition and the failure of the wholesaler that had serviced part of the chain.

The assignment: Develop a supply chain strategy to underpin the business. Identify immediate improvement opportunities in warehousing and transportation. Review and implement an improved logistics organization.

The results: We identified 37 improvements which were ranked and prioritized. Several were identified for fast track implementation. Annualized savings of \$6 million were identified. In addition 5 scenarios were developed for the network strategy with a different mix of in-house and 3PL.

Case Studies

Transportation Spend Management

The business issue: This large parts distributor in the automotive sector had inadequate control of its inbound and outbound transportation spend. They were leaving “money on the table” in many areas. The current service provider was underperforming.

The assignment: Develop a thorough understanding of how transportation spend is currently managed. Identify and implement quick hit improvement opportunities. Determine the key functional requirements and construct an RFP to solution providers. Manage the selection process jointly with client management including quantified evaluation process. Support implementation planning

The results: A solution provider was selected from an initial field of ten respondents. Quick hit opportunities were identified particularly on the inbound side of the operation. Full implementation delivered reductions in overall freight spend of about 15% and also service to customers.

Case Studies

Optimize Transportation

The business issue: This large southwest retailer was conducting a wide-ranging review of its supply chain. In particular, the client wished to evaluate the beneficial use of more technology in transportation operations.

The assignment: Develop a view of how to run transportation in the future. Identify the core business capabilities with ranking and justification. Create a project roadmap taking into account business criticality and integration complexity. Translate findings into a information systems development plan.

The results: The plan was successful developed around three primary processes: freight management, transportation asset management and load content control. Implementation planning ensured rapid recovery of systems investment. As part of the discovery process, immediate operational improvements of over \$3M annually were identified.

Clicks & Mortar Representative Clients

Consumer Electronics

Best Buy
CompUSA
GT-Video
Victor Technologies

Specialty Retail - Hardlines

Claire's
OfficeMax
Barnes and Noble
General Nutrition Centers
W.H. Smith
Crown Books
Cole National

Specialty Retail - Softline

Cole-Haan
Dress Barn
J. Crew
Lane Bryant
After Hours Formalwear
Wet Seal
Urban Brands
Gymboree
Petrie Stores
Distant Replays
Factory Connection

Drug

Eckerd
Thrift Drug
Thrifty Drugs
Standard Drug

Duane Reade

Supermarket

Hannaford
Winn-Dixie
Publix
Von's
Kings Supermarkets
Kash 'N Carry Food Stores

HE Butts

Ralph's

Automotive

Advance Auto parts
Western Auto
MAC Tools
CSK Auto

Home Improvement

Pier 1 Imports
Home Depot
CCA Global Partners

General Merchandise

Alexander's
Federated Department
Stores
Family Dollar
Liberty House
Richway
Aeon Jusco (Japan)
Zeller's
Luria & Sons
Blain Supply
Rich's Discount Stores

Factory Outlet

Phillips - Van Heusen
London Fog
William Carter

Wholesale Distribution

Fleming Foods
Southeast Frozen Foods
Associated Wholesale
Grocery
Arthur Wells Group