

ReDistribution: Improving Supply Chain Control and Efficiency

Challenge

An emerging fast-casual Restaurant Company needed to more effectively supply product to its growing, yet geographically widespread restaurant locations. This was particularly critical for the Restaurant Company's LTO and promotional products.



Solution

By leveraging information available through the supply chain visibility tool, Armada conducted a comprehensive engineering assessment of the company's inbound supply chain, starting with case sales at the restaurant level and working back through restaurant delivery distributors, forward storage warehouses and suppliers. Through this assessment, Armada identified opportunities to reduce COGS. This included reducing purchase prices by recommending changes to economic order quantities, eliminating inefficient LTL freight transactions and changing product sourcing locations and alignments, which in turn reduced overall freight spend within the network and simplified distribution center operations. Based on current and predicted network flow demands, potential ReDistribution locations were assessed for suitability. The resulting recommendation included a network of four regional ReDistribution centers, serving 15 distribution centers. A detailed implementation and phased transition plan was developed and communicated throughout the Restaurant Company's network.

Results

Adding a ReDistribution channel to the Restaurant Company's supply chain resulted in a COGS reduction of more than \$0.30 per case on 11% of the cases within its network. Overall supply chain inventory was also reduced by 50%. Distributors saw significant improvements in their business operations with the Restaurant Company as a result of the reduction in complexity — 25% reduction in annual purchase orders, 50% increase in average purchase order size, 30% reduction in inbound lanes and deliveries and 25% increase in inventory turns. The channel also proved to be efficient in executing LTOs and promotions by centralizing inventory locations and reducing the inevitable costs of repositioning inventory in response to real demand versus forecast. Additionally, since distributors receive a ReDistribution shipment at least once per week, items are readily accessible providing flexibility to quickly respond to unexpected changes in demand. As a result of changes in product mix, company growth and seasonality, product movement economics are reviewed twice annually and product flow adjustments are made accordingly.

About Armada

Armada creates innovative, fully integrated supply chain solutions that deliver competitive advantages and improve business performance for our clients.

Armada Solutions

Supply Chain Planning
Supply Chain Technology
Warehouse Solutions
Transportation Solutions
Global Logistics

We believe that there's a better way to manage our clients' supply chains. A better way rooted in simplicity, transparency and extraordinary service to our clients.

We are changing the way supply chains are managed — now and for the future — through innovation and collaboration with our clients.

We provide logistic solutions that create smaller, smarter, and more agile supply chains that adjust to our clients' evolving marketplace demands.

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