

Woolworths UK

Optimization of Nationwide Transport Network

Challenge

- Reduce costs of retail distribution network
- Increase transport efficiencies
- Maintain existing staffing patterns in warehouses
- Quantify total savings of various network alternatives.

Approach

- Use Jeppesen's PlanOp software to model the client's distribution network, evaluating several alternative scenarios concerning interaction of third-party logistics companies, delivery days and time windows to retail centers, and routing of vehicles and drivers
- Present recommendations to client based on network analysis results.

Results

- Development of a detailed transport plan for a new network, consolidating work with one third-party transporter, rather than three
- Exploitation of improved flexibility in store delivery windows, allowing reduction in cost of network through more efficient truck usage
- Use of Jeppesen as an independent party for consulting and network modelling has given Woolworths a more complete understanding of their network, identifying specific areas where cost savings can be made.

Woolworths operates a network for distribution of consumer items, from suppliers to warehouses, cross-dock facilities, and retailers. The network comprises over 800 stores, 3 major distribution centers, and several regional hubs. Woolworths procures goods from an estimated 750 suppliers using the same network.

In order to maintain competitiveness as a retail chain, Woolworths has been continually seeking to drive down costs in its transportation network, large parts of which are outsourced to third-party logistics providers. A significant proportion of Woolworths' business is generated over the Internet, re-

quiring the company to make good on its promise of deliveries to consumer within three days, regardless of any efficiency-generating initiatives taken, in order to maintain market position.

Jeppesen was awarded the contract to carry out a study of the Woolworths network starting March 2007, with completion and presentation of findings in October 2007. The study included a series of problem definition workshops and presentations of network strategy alternatives, to set the terms of reference for the network improvements. Jeppesen modelling experts and Woolworths network operations staff collaborated in the evaluation of several novel alternatives

to present-day operations, including the amalgamation of several distribution networks into one, the possibilities of using off-hours delivery slots when supplying retail stores, plus changes to vehicle fleet composition.

The scenarios presented were based on quantitative analyses of several network parameters: capacity and costs of running fleet comprising many vehicle types, drivers' work rules and overtime costs, loading and unloading times, travel times between stores and distribution centers, plus requirements and restrictions associated with simultaneously combining supplier pick-up and store delivery operations.

The new network is now in its first weeks of deployment but is showing very positive results regarding flexibility of operation, reducing operational peaks at retail stores and distribution centers, as well as total cost savings in connection with decreased use of transport vehicles.

About Woolworths

Woolworths offers its customers value-for-money on an extended range of products. It is built around the well-known Woolworths brand which is represented in towns and cities throughout the UK. Woolworths has now extended its brand to other retail formats and alternative channels to accelerate growth by taking advantage of changing retail trends. Examples of this expansion include the acquisition of Streets Online, with over 450,000 registered customers since its foundation in 1996.

About Our Company

Jeppesen is a wholly-owned subsidiary of The Boeing Company, comprising over three thousand staff, including transportation business specialists, researchers, and software engineers. Our business has for more than 70 years grown from the supply of navigational tools for the aviation industry, to now include world-leading expertise in improving transport operators' bottom-line performance, efficient use of their capital assets, and quality-of-life for their staff.

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