

Wolseley UK's Sure Touch

How to reduce supply chain costs without compromising quality

Wolseley is the biggest name in plumbing and heating products in the UK. However, operating such a sizeable business brings real challenges when the construction industry is facing unprecedented falls in demand for products such as piping, radiators, taps, sinks and other sanitary ware.

Supply Chain Director, Derek Robb, took up this post at Wolseley UK in April 2008, just as the first signs of global recession were being felt in European markets. Even then, Derek realised that the (UK) business, with sales of c£2.7bn, was in need of supply chain consolidation, given the slowdown in growth that the businesses had already forecast.

He said: "By early 2008, it was obvious that the business, which is best known for its Plumb Center, Build Center, Brandon Hire and Bathstore brands, needed to review its distribution infrastructure. The business had grown significantly in the early part of the decade and was set up to cope with a doubling in growth every five years. The landscape had changed significantly and we needed a new supply chain model."

Given the fact that a major element of Wolseley's infrastructure costs lay within the 17 distribution centres (DCs) he had inherited on arrival 3 years earlier, Robb turned to independent supply chain consultancy Total Logistics to undertake analysis on the impact of various network scenarios. The team at Total Logistics is well known in the sector for its sophisticated approach to supply chain modelling that enables sensitivity analysis to be undertaken to assess the impact of DCs being established or removed from specific locations.

Derek Robb said: "Using an external consultant with relevant experience was invaluable when it came to confirming our thoughts on the future shape of the supply chain model. The team at Total Logistics acted as a good sounding board, allowing us to undertake scenario planning on the options that we had in mind."

At the same time as the warehouse consolidation project, Wolseley's supply chain team also looked at other cost saving initiatives such as reducing delivery frequency, outsourcing 3PL provision in Scotland and also exploring new supply chain options for the group's Bathstore brand. Going back to basics and getting stock levels and inventory management right was another key element of the strategy.

In the final analysis, Wolseley UK's proactive approach to supply chain management shows how insight and decisive action is vital to reduce costs, whilst not negatively impacting customer service levels.

About Total Logistics:

Total Logistics specialises in all aspects of supply chain and logistics consultancy, with a client base that includes Nestlé, Unilever, adidas, Coty, Tesco and Hema. Working across the complete range of supply chain and logistics operations, Total Logistics functions solely to add value and subtract costs. Activities include strategy definition through to implementation and project management; network modelling, distribution strategy, location optimisation, cost modelling and benchmarking. Total Logistics' experience covers all industry sectors and its clients comprise sector leading companies but also much smaller lesser well-known names to whom its consultancy, advice and services are equally as critical. Over 70 per cent of its revenue comes from existing clients and its greatest source of new business derives from personal recommendations. Now recognised as a leading consultancy in this field, Total Logistics has established a reputation for delivering high quality, practical and robust solutions to clients' needs.

Total Logistics has offices in the UK and the Netherlands. For further information visit: www.total-logistics.eu.com or www.total-logistics.nl.

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