

Added value, quality, and reliability

Luís Simões is one of the leading logistics suppliers in the Iberian Peninsula. In 2018, they teamed up with Körber to deliver a brand-new distribution center for a multinational Swiss food company. We spoke with António Carlos Fernandes, Director of Innovation and Projects at Luís Simões, to find out more.

Körber Supply Chain: What was your customer's logistics solution before this new project, and what were the main drivers for change?

António Carlos Fernandes: For the last 11 years, our customer worked with another 3PL partner using a conventional and dedicated warehouse. The various business branches were then split off at different warehouses around the Madrid area. They were searching for a better solution, not just for today, but also something that could support their future needs, as they expected to continue to grow.

Some basic targets were clearly identified: The most important goals were (and still are) to ensure a continuous improvement in their supply chain, in a way that can provide a competitive leverage on the market, built on added value, quality, and reliability for their clients. On a strategic level, the target was to improve the service level while optimizing costs. They needed flexibility, agility and the ability to quickly respond to their client's requirements. In today's business world, a new solution has to be both productive and sustainable, while enabling growth to support our customer's global ambitions. We also wanted to identify and leverage synergies and economies of scale, based on a shared operation with other competitors and producers.

KSC: What is Luís Simões's relationship to the other firms involved in this project, the multinational customer and Körber? Is there a history there? Was there a bidding/procurement process?

ACF: Luís Simões have been in contact with its end customer for a long time, but 2018 was the first time we could cooperate on a flagship project like this. In the past we worked together on smaller jobs, but with this new project, we started to work hand in hand with a much bigger volume.



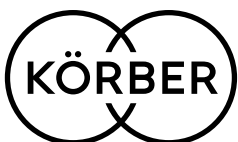
António Carlos Fernandes,
Director of Innovation and Projects at Luis Simões

Facts and Figures

A worldwide leader in the food market. In 2020 they had sales of more than 2,050 million euros in Spain, up 2.7% from 2019. The company employs an average of 3,940 people at 10 production sites in Spain.

Daily average operational figures:

• Picking operation	Average	85,000 cases
	Pick day	118,000 cases
• Outbound	Average	4,050 pallets
	Pick day	5,200 Pallets
• Inbound	Average	3,400 Pallets
	Pick day	4,600 Pallets
• Outbound routes	Average	85 trucks
	Pick day	110 trucks
• Inbound trucks	Average	70 trucks
	Pick day	85 trucks



We were invited to participate in a bidding process with another 3PL and we won with our technical and economic proposal based on innovation and differentiation.

We have worked with Körber since 2006, and another automatic warehouse was implemented in 2008 in Carregado, Portugal. There was no need for a bidding project – we were confident that Körber were the right provider, based on our Carregado project, and also because we knew that if we were to win the bid with a multinational, we would need to propose a really top solution.

KSC: What were the specific challenges of this project, compared to other comparable distribution centers?

ACF: The main challenge was to implement a hybrid solution that would be able to deal with high in- and outflow, and a high-volume picking operation in a multient environment. Another challenge was to implement an automatic warehouse in a distribution center with a short lead time and very aggressive KPIs.

KSC: Were there any particular problems to overcome?

ACF: The main problem was to achieve stable and reliable availability of equipment. The pressure of the market, the operational tight lead times don't allow us to relax – we need a constant and high availability level, and also to work in advance.

KSC: Was any staff training or retraining necessary?

ACF: At the maintenance team level, specific training was needed and is still ongoing. Some retraining was also needed at the operational level, but this was more of a focus on best practices and personal security, as well as how to work with a hybrid automatic and manual solution.

KSC: What can the new solution do that the old system couldn't?

ACF: The focus was to be more productive, to increase flow capacity without being dependent on human resources, and also to ensure the accuracy of stock levels. It outperforms the previous solution on every single important metric. The overall improvement is based on better productivity levels: At picking level there has been an increase of between 10% and 15%, and it is still growing. Human resources had a reduction of around 40%. The capacity to face peak days and transform those days into regular days is now a reality.

KSC: What are your next steps? How has the new distribution center made this possible?

ACF: We still want to increase the automation level. Our plans include various projects. For example, an automatic layer picking operation, connected with the current warehouse; a different picking area, focused on small units and also connected to the automatic warehouse. AGV solutions will still be implemented, as well as a study of automatic loading and unloading operations.

And the facility gives us the opportunity to keep studying other automatic solutions that can give Luís Simões the differentiation we need to implement to be the best 3PL on the Iberian market.

