

Co-op plan future supply chain network with trusted solution

Co-op Food: Sixth largest food retailer in the United Kingdom



Co-op needed a solution to visualise their overall supply chain, build baseline models to demonstrate the impacts of different network strategies and optimise network costs.

Introduction

Founded in 1844, the Co-op Food, part of The Co-operative Group, is a brand devised for the food retail business of the consumer co-operative movement in the UK. The brand is used by over 15 different co-operative societies which operate over 4,000 shops and does not represent one single food retail business.

Following an acquisition of Nisa Retail Limited in 2018, Co-op implemented the supply chain design and analytics network solution known as COST2SERV and worked with the team at Cirrus Logistics – soon to be known as Körber - to develop a future supply chain network strategy; reducing risk and saving costs.

At a glance

Project goals

- Build baseline models to demonstrate the impacts of different network strategies and optimise network costs.

Solution

- K.Sight COST2SERV
- K.Sight CLASS

Features and benefits

- Validating supply chain design
- Identify most profitable distribution strategies
- Competitive advantage
- Ensuring optimum efficiency – testing performance
- Finding ways to increase capacity during peak periods
- Running 'what if' scenarios



The solution

K.Sight COST2SERV offers the means to create operational differentiation, control cost and build competitive, resilient supply chains. It was chosen by Co-op to enable them to visualise their complex distribution networks and reduce their total cost-to-serve, maximise margin and to identify the most profitable distribution strategy.

Co-op has been using K.Sight COST2SERV to build up baseline models of the two existing supply chains, and have been calibrating the cost and throughput results against actual data.

Results

The experts at Körber enabled the Co-op team to create an integrated supply chain model by merging different sets of data from both Co-op and Nisa, to evaluate the costs and capacities of the proposed merged supply chain.

The total supply chain costs were entered into the model to enable the overall cost to be minimised using 'mathematical programming' techniques. Costs considered by the model included distribution centre operating costs, trunking costs and customer delivery costs. The customer delivery costs including multi-dropping. K.Sight COST2SERV automatically allocated the stores within the new network to their best distribution centre, whilst the optimisation accounted for the distribution centre capacities across all products.

The solution has powerful picking and cross-docking capabilities to allow the full supply chain configuration to be optimised. In the Co-op network, slow-moving products are served from a central national distribution centre and are cross-docked at regional distribution centres. Whilst others - especially chilled and frozen products - are now served from a limited number of locations and are cross-docked at other distribution centres.

Additionally, by running a series of 'what if?' scenarios, the relative savings were identified, and the team was able to progress towards the best possible distribution network in the real world.

Co-op expect to make multi-million-pound savings to their distribution costs once the new network design is implemented.

The Co-op are also using K.Sight CLASS - Körber's leading warehouse design simulation technology - to model all their warehouses as part of the wider supply chain project. They plan to share the warehouse capacities from CLASS to use as inputs for COST2SERV.

“K.Sight Cost2Serv is now a pivotal tool in our supply chain development.”

Graeme Evered

Logistics Strategy and Implementation, The Co-op

