

Optimising the critical distribution of dairy products

Parmalat, the second largest dairy company in South Africa, and service provider VSc Solutions received a Silver Award for outstanding achievement in logistics for designing and implementing an optimised distribution system for dairy products.



Parmalat experienced significant growth at its Centurion distribution centre in customer numbers (27 percent) and order volumes (17 percent) from December 2005, which brought with it a number of pressing problems.

Fresh and ambient products also had separate order lead times (24 hours for fresh and 48 hours for ambient), which impacted warehousing, transport and customer services. The planning process was not automated, was time consuming and there was no integrated visibility of order execution through the day. As a result, the DC was not running at optimal efficiency leading to high costs and customer frustration.

The initial view was that this project would be focused on the optimisation of outbound distribution. However, after initial review sessions the scope of the project was extended to include order management (lead time changes), warehouse process changes and technology integration.

Parmalat felt it did not have the in-house expertise required, so VSc Solutions agreed to provide an outsourced planning service to the company.

There was some initial skepticism related to the use of Roadshow and VSc Solutions ability to integrate with MiX Telematics, given they're traditionally competing companies in the mobile space.

MiX Telematics is a global provider of tracking and fleet management technology, and is owned by holding company TeleMatrix, owner of Matrix Vehicle Tracking. The MiX Telematics range of products and services is sold in more than 75 countries. VSc Solutions therefore agreed not to charge for its

services until the solution was running and capability proven, and Parmalat could cancel the services at any point prior without penalty.

The first phase of the project involved the creation of 'ASIS' routes in Roadshow and simply monitoring those against the plan.

DRM (Daily Route Manager), route compliance software exclusively developed by VSc Solutions, was also implemented that allowed Parmalat to track planned execution against the existing master routes.

To provide the real-time tracking information, VSC solutions had to integrate with the existing Mix Telematics vehicle tracking and management solution. This was an industry first and demonstrated true collaboration between competing companies in mobile solutions.

The reporting functionality of DRM allowed debrief managers the ability to debrief drivers on route execution with full visibility of route details and exceptions.

A trimming process was implemented whereby orders would first be checked against stock before loads were built.

The second phase of the project involved the implementation of route optimisation. Master routes were re-designed using Roadshow Tactical modeling tools. Proposed master routes were ratified and approved by all stakeholders before being implemented.

The third phase involved the consolidation of order lead times to 48 hours on all products (fresh therefore changed from 24 hours). The warehouse night-shift was changed to a dayshift as a result of this change allowing more time to pick and more accurate picking.

Routing and scheduling of ambient and fresh products was combined into one routing session and delivery days changed where possible. Planning automation reduced the time required from five hours to 45 minutes.

Many benefits resulted, including increased distribution performance whilst reducing costs and bolstering staff motivation.



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