Business case

Optimizing the Costs of the Central Supply Chain of a DIY Retailer

PRACTICE

Supply Chain

SECTOR

Distribution

DURATION OF THE MISSION

3 months

KEPLER

Overview

Our client, a DIY retailer, wants to optimize the costs of its central supply chain to offer an optimized service to its network of franchise stores and enable its eCommerce business to bloom.

KEPLER offers the study and costing of different logistics scenarios to determine the target network design that will maximize service, while optimizing total full costs.

Context

- Network of 300 stores mainly supplied directly (70%) and with little storage capacity
- Central logistics organized around 2 regional platforms for national ranges and a central platform for overseas imports and promotional batches
- Regional platforms almost saturated (occupancy rate > 95%) with performance levels below the productivity benchmark for the sector (supply cost > 15% COS)
- A strong development challenge for e-commerce amounting to date barely 1% of turnover

Objective(s)

Improving Responsiveness and Securing Availability

- Determining the brand's network design

Our Approach

Methodology

1 **Field analysis** (through interviews) and synthesizing expectations and hard points

2 **Mapping total full costs** and associated physical flows

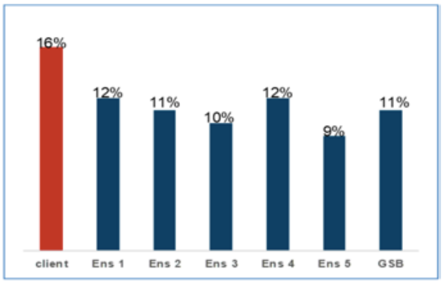
3 **eCommerce performance** benchmark

4 **Scenario modeling workshop** and simulation of cost-quality-time impacts

Levers and Tools

- **Platform diagnosis**
- **BtoC benchmark**
- **XCargo modeling**

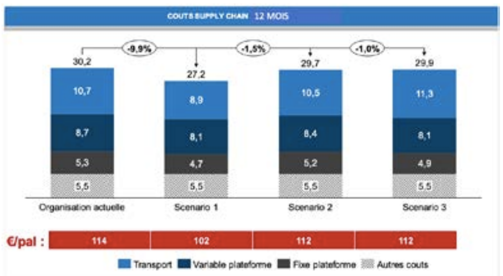
Benchmark



Building Scenarios

SCENARIO	M2 PLATEFORME	# DE PALETTES EN STOCKS MAX	MOYENNE KM PARCOURUS / PAL	COUVERTURE DE STOCKS	REMPLISSAGE CAMIONS (Départ) Au sol
Scénario 0 *Actuel*	**68.500m2**	55.000 pal	302 km	1 mois Promo 3 mois FDR (moyenne : 2,47)	St-Cyr: 69% Voivres: 72%
Scénario 1 *Rupture*	**52.000m²***	59.000** pal	339 km	1 mois Promo 3 mois FDR (moyenne : 2,47)	81%
Scénario 2 *Service*	**60.000m²*** 45.000m² *+ 7.500m² x2*	54.000** pal +3.300 pal x2	Nat – mag.: 317km Reg 1 – mag.: 239km Reg 2 – mag.: 239km	1 mois Promo 3 mois FDR (moyenne : 2,47)	Nat: 97% Reg 1: 74% Reg: 2: 84%
Scénario 3 *Transition*	**60.000m²*** 45.000m² *+ 7.500m² x2*	54.000** pal +3.300 pal x2	Nat – mag.: 317km Reg 1 – mag.: 246km Reg 2 – mag.: 247km	1 mois Promo 3 mois FDR (moyenne : 2,47)	Nat: 97% Reg 1: 68% Reg: 2: 69%

Simulating costs



Results

Distribution
Mission: 3 months

€1M to €1,5M Reducing operational costs within the same organization

€5M **3 earning points** **Global Ambition Plan**

Formulating a
target scenario
€3M to €3.5M at N+3

"Cost mapping, used as a baseline for projecting scenarios, allowed us to identify short-term opportunities for cost improvement. We validated a 2-step path, with a first phase of "quick" earnings that did not require any breach in the organization. This allowed our client to build their transition more comfortably, with a better business visibility compared to CAPEX to be committed."

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