

RETAIL

Customer focused orientation delivers multiple benefits

Improved operational transparency and implementation of customer focused organizational structure delivers £1.5m in savings and revitalizes low morale.



The abolition of duty free sales coupled with the loss of a significant contract caused a dramatic fall in the company's annual turnover from £330m to £156.8m. As one of the UK's leading providers of airport retailing and passenger catering services it has 1,200 employees in 110 shops, bars and restaurants across 24 locations in the world.

Against this backdrop, the company invited Alexander Proudfoot to conduct a review of their supply chain with the objective of simplifying the UK business, returning it to profitability and introducing a new employee mindset.

OUR REVIEW HIGHLIGHTED:

- Inherent weaknesses within the supply chain within warehousing, buying and retail outlet interfaces

- Excessive number of Stock Keeping Units (SKUs) resulting in task duplication
- Lack of visibility and organizational transparency causing system disconnects and inhibiting overall operational focus
- Poor communication and team separation leading to silo mentality and isolated working practices
- Behavior and culture identified as being "defeatist" and "burned out" Facilitated by Proudfoot, inhouse Management Working Groups recommended 40 solutions, 15 of which were "quick wins," in order to alleviate the highlighted problems.
- A dashboard of Key Performance Indicators (KPIs) reviewed weekly by Senior Management
- Centralized re-ordering from suppliers (one owner) Together with SKU reduction, these changes delivered greater efficiency to this critical area of the business and immediately improved Order Fulfillment to the retail outlets (right product, right time, right place).

THE PROJECT ACHIEVED SIGNIFICANT RESULTS.

Within 32 weeks, we had delivered:

- £1.5m in savings
- Order fulfillment increased on average by 20%
- 30% SKU reduction (average across product categories)

On the employee side, significant advances in employee morale have been made. Comparing the results of the employee opinion survey year on year:

- Morale has risen from 40 to 60%
- Employees with a clear sense of direction has risen from 30 to 49%
- Employees happy to work for the company has moved from 25 up to 66%
- Sufficient information to perform my job up from 46 to 66%

Working with the CEO, the business was transformed from being organization focused to customer focused. The creation of Strategic Business Units allowed the company to drive operational improvement by focusing on the customer. We developed a "back to basics" approach for the supply chain focusing on simple but effective measures.

Logistics issues were readily resolved by the implementation of some fundamental rules and principles for the warehouse system including:

- Red tagging of non-stock items to free up 8% space in Heathrow warehouse
- The setting of daily interface meetings between teams