

Fast Track Implementation of E-Fulfillment Contract

Situation

Cenargo E-Logistics won the contract to fulfil the orders taken by Virgin Wines over the Internet. To do this they provided bonded warehousing and order picking for their entire business. Stock of over 3,000SKUs had been transferred from the previous contractor into a warehouse staffed with newly recruited staff with minimal product or industry knowledge. An adaptation of an existing bulk Warehouse Management System and tailor made Sales Order Processing System were the Platforms for the operation.

By the start of October, both parties were spending excessive management time and energy tackling service problems on a work load of c 400 despatches per day, while trying - but failing - to get the operation running properly. The seriousness of this situation was compounded by the imminence of the critical Christmas sales period, when Virgin expected to despatch up to 9,000 consignments per day.

Solution

The problems were due to a lack of clarity in the contractual and personal interfaces between the companies, as well as the absence of operating procedures for the functions of the warehouse and job descriptions. These were exacerbated by teething problems with the systems and inaccurate stock figures.

With Cenargo and Virgin Personnel, identified, agreed and documented standard operating procedures and job descriptions; trained individuals and teams in their roles. Set up relevant Key Performance Indicators (KPIs) reporting and monitoring processes. Set up dedicated Stock Control function. Project lead amendment of IT systems to better meet their needs of the business. Prepared revised contract with format Service Level Agreement, Success Criteria etc.

Results

The Cenargo operation met all the demands of Virgin Wine's Christmas rush. The accuracy and timeliness of despatches was maintained, despite sundry problems like long periods of low temperatures - leading to the freezing of water supplies & power cuts resulting in high levels of staff absenteeism and turn over. The improved accuracy of stock records was a key factor in this performance.

As the management of both companies became confident of the operational performance they were freed from fire fighting further.

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