

Customer Success Story

Hala Supply Chain Services

Route Planning Implementation by a Global Food Manufacturer

Background

This case study provides an overview of the successful deployment of Descartes' route planning solution and the results achieved by one of the largest food and confectionery manufacturers in the world.

Profile:

- One of the world's leading confectionery company with several household brand names in their portfolio
- World's leading pet food distributor with many billion-dollar brands
- Manufacturing operations located in several countries
- Their products are distributed and consumed in over 100 countries

The company is a family-owned company which was founded in 1911, generating annual revenues of over \$30 billion. The company and its associated operations employ over 70,000 people. These people are located at more than 300 sites, which include 130 factories, in 75 countries worldwide. Established in the Middle East in 1993, our regional client invested further in 1998 through the construction of their Dubai factory, which continues to expand and complete their range of world-renowned chocolates for the region in a state-of-the-art chocolate moulding plant.

The client distributes through the entire Gulf Cooperation Council (GCC), with branches situated in all the major cities, which distribute to the more remote areas.

Challenge

High levels of sustained growth over the last decades in the region have resulted in declining service levels in many industries. Under these circumstances, high service levels become a key differentiator in achieving competitive advantage and are directly related to a company's sustainability in the long term.

The company identified the need to optimize the service levels and efficiencies of field sales in general, and chose to start with two of their distributors, one located in Dubai and the other in the Kingdom of Saudi Arabia. The two operations utilized a combined total of 56 vehicles.

The objectives were threefold;

- to improve service to retailers
- to control costs
- to improve productivity

Approach

The company' sought to implement an intelligent analysis and planning of their route logistics as the means to promote visibility, flexibility and responsiveness. With the right software solution, the company believed this would lead to a reduction in costs, improvement in service levels and productivity, and thereby to improvements in profitability.

The company contracted Hala Supply Chain Services, a Descartes authorized reseller, to implement Descartes routing solutions in their trial area, Dubai. The fundamental reason for the decision in Hala's favor was that its system is the only commercially available service that bases its processes on multi-level GPS maps of GCC cities, and then applies its optimization software using these maps.

The system also offers dramatic improvements in fleet control, significant increases in time spent with customers and the number of deliveries per vehicle per day.

Solution

The Descartes route planning solution is a unique service that bases its processes on multi-level GPS maps of GCC cities. These high quality digital maps of main Middle Eastern cities include road type, direction, distance, speed and street address.

This enabled Hala Supply Chain Services to plot the customer base for the company's distributors and build optimized routes for deliveries, while simultaneously taking into consideration various constraints and the time spent with customers; based on the history of the actual time spent with every customer. To ensure maximum and continuous fuel reducing and time saving capabilities, Hala Supply Chain Services designed the road maps to be operational. This means that the company's distributors are able to take constant cognizance of traffic congestion, new roads and the construction associated with the rapid development, and the changing patterns of customer demand. These factors are vital in ensuring the company's distributors achieve outstanding service and cost benefits, and increase management control.

Implementation

Roll-out of the system began in Dubai with a fleet of 15 vehicles and has since increased by an additional 18 vehicles within the same branch to different channels, due to the successful implementation of the solution. The solution was then implemented in Jeddah with 26 vehicles, Dammam with 15 vehicles and Riyadh with 27 vehicles.

Summary

Results and achievements

Over the last 9 months, the solution has been implemented in 16 different channels (optimization exercises) across 3 major cities on a total of 68 vehicles. The implementation of this system by the company has led to several major gains for the company in a very short space of time.

The figures below are the results achieved in just one city only one and a half months after implementation.

- Total kilometer savings of 47%
- Reduction in the average total distance travelled per route of almost 50%
- An increase in customers of 13%
- A 19% increase in time spent at customers
- A 9% increase in volumes delivered
- An 11% increase in the number of times customers were visited

While savings in fuel and maintenance costs contribute directly to improving the bottom line, having more time to spend with customers is fundamental to improving service and display levels - a major determinant of sales growth. It also implies an opportunity to spend more time growing the customer base.

Due to the excellent results delivered through the use of Descartes' routing technology, the company will be rolling out the system to its sales and distribution centers in other cities in Saudi Arabia and possibly within Oman, Bahrain, Qatar and Kuwait shortly, with plans to extend implementation even further to smaller cities and other trade channels in 2010.