

Portland reviewed and modelled a complex industrial distribution network to develop a cost-effective program of performance improvement initiatives

Supply Chain Project Scope

Supply Chain Strategy / Business Model	
Network Optimisation	Cost to Serve
Supply Chain Planning	Inventory Management
Transport Operations	Warehouse Operations
Manufacturing	Supply Chain Enablers

Industry Segments

Industrial	Construction
Mining	Utilities
Consumer Goods	Food & Beverage
Retail	Services
Financial	Transport
Healthcare	Government

Business Challenge

- Portland's client is a large industrial distributor challenged with selling, storing and distributing a diverse range of products from long, heavy products to small components with varying demand characteristics and service level requirements
- Warehousing, outbound transport activities and inventory management practices are viewed to be inefficient and sub-optimally aligned to customer requirements inhibiting the company's ability to retain or grow market share
- The client is anticipating significant future growth, largely through organic means, and requires a network and product availability that will improve service and reduce cost in the future to both its distribution channels

Our Solution

- Portland conducted a distribution network and S&OP review to identify opportunities to increase the efficiency and effectiveness of the distribution network and improve product availability
- A model of current baseline operations was created mapping product flows and logistics costs (transport and warehousing)
- Opportunities for operational improvement were identified and quantified without fundamentally changing the network
- Scenarios were developed with key client stakeholders and modelled comparing projected operating costs between the scenarios and the current logistics model
- A business case was developed evaluating the net present value of scenarios based on upfront capital requirements and ongoing operational cost reduction

Outcomes

- Estimated annual reduction in total logistics costs of ~16%
- Action plans for realising benefits

