

Case study New Warehouse Design and Construction for Food Manufacturer

BENEFIT	MEASURE
Service level improvement	Increase from 95% to 98-99%
Warehouse consolidation	£0.9M saving per annum
Internal product transfer saving	£0.8M saving per annum
Storage capacity gain	Increase from 26.5K to 43K pallets
Operator and Supervisor training	180 people trained

The scenario

Britain's biggest food manufacturer wanted a centre for warehousing best practice at one of their 60 UK sites. The site was set up as a benchmark within the company for the definition and delivery of the highest possible standards of working practice. The client wished to consolidate its distribution and warehousing network to cost effectively accommodate past and future acquisitions of competitors.

A building project had already been started without the necessary project management rigour and controls and WBS were asked first to bring the actual building work under control and secondly to implement a complete pallet racking and operational infrastructure.

In order to maximise operational efficiency and achieve compliance with current health and safety regulations WBS were also tasked with a complete redesign and refurbishment of existing warehouses. This included a drive for best practice and training of all staff working at the distribution centre.

As a consequence of the expansion and refurbishment stock needed to be transferred between several internal and third party warehouses in order to achieve the most cost effective stock and customer mix.

The programme

A series of specific projects were identified for the programme:

- Build a new 20,000 m² warehouse
- Design and build 16,500 pallet locations to suit current and future product mix
- Design and build office and staff amenities block inside the new warehouse
- Design and install a pallet conveyor system
- Refurbish 15 existing warehouses for health and safety and space optimisation
- Create operator and supervisor work instructions for the end-to-end operation
- Train 180 staff on all work instructions
- Transfer product between client and third party warehouses



The mechanism

Making changes that lead to sustainable improvements requires a consultative approach involving everyone affected by the process, in every area of the organisation.

To achieve this deep level of effective change, WBS creates an implementation team made up of WBS consultants, and representatives from the client's own people. In this instance the client provided two permanent members to the project team to ensure operational requirements and expertise were always kept in focus.

A schedule of weekly programme update meetings with all client stakeholders was rigorously adhered to ensuring the right levels of communication and decision making.

Furthermore, a schedule of weekly contractors' meetings was also maintained in order to ensure that all trades were working together and that all issues could be raised and resolved.

The permanent members of the programme team were each responsible for one or more projects and would draw on relevant people from the client's organisation to participate in design workshops etc.

The benefits

- Service level improvement from 95% to 98-99% sustained during peak periods
- Total cost saving £1.7M
- Storage capacity increased by 16,500 pallets from 26.5K to 43K pallets
- Warehouse network reduced by 3 warehouses
- Modern and safe office and staff facilities
- Reduced handling by introducing a pallet conveyor system
- Improved layout, flow and pick face design
- Lux levels raised from 30 to 250
- Brighter and cleaner working environment
- 7 operators trained as in-house trainers
- Created 9 operator and 8 supervisor work instructions
- Trained 180 people on work instructions

The next steps

WBS were retained to programme manage the further extension of the distribution centre with another 20K+ m² warehouse including the refurbishment of the remaining old warehouses on the site.

The new programme also included refurbishment of the yard and the introduction of yard management.

A cost saving of £2.5M by discontinuing a 3rd party warehouse contract was achieved due to the fact that the building project was delivered 3 weeks ahead of an already extremely tight schedule.



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