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Racking is used effectively to improve operational efficiency

Leading the Way



Gary Benatar

Worldwide companies are recognising the benefits of controlling their own supply chains to reduce costs and improve service to customers - a concept successfully embraced locally by retail giant, Shoprite Checkers. Following suit is subsidiary House and Home. "Supply Chain Today" finds out more.

No-one could ever accuse Shoprite Holdings of having small ambitions. Carefully guided, the group has systematically established itself as the retail leader not only in South Africa but the continent. Much of this can be attributed to the willingness to charter unknown territory setting the agenda rather than just following it. There is no doubt

they have earned their reputation as first movers.

It was this status that saw them take control of their supply chain for their expansive super-market division. Major benefits were gained by this strategic move. Enormous cost savings and improved efficiencies were achieved by employing a central distribution strategy carefully developed with supply chain consultants, Industrial Logistic Systems (ILS).

Not surprising then that the group once again knocked on the door of ILS when the decision was taken to transform the furniture division, House and Home. "The question was simple," says Gary Benatar, executive director of ILS. "Could we achieve similar efficiencies and accelerated growth of this business through the application of supply chain strategies?" The answer? A definite yes.

We believe the solutions that we have come up with for House and Home will change the ball-game for furniture retail

Gary and his team set about developing a supply chain strategy that will, in the long run, ultimately change how House and Home services its customers. "It is all about rethinking the supply chain as optimising the logistics operations. We believe the solutions that we have come up with for House and Home will change the ball-game for furniture retail," says Gary.



The racking in the new House and Home distribution centre in Johannesburg was designed along with ILS to meet the specific requirements of the distribution centre

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"It will give the company a competitive edge because the efficiencies and cost savings they achieve will be passed onto their customers who will ultimately be getting a better range of products that is more readily available at a better price."

Central distribution

Most retailers have the same goal – to bring down the cost of goods while improving the customer's shopping experience by offering a better service. "Furniture by its very nature poses some challenges," explains Gary. "For the most part, you are dealing with big bulky items that are not only difficult to handle, but also fragile and often expensive. On top of that, the sale to the customer is not concluded at the cash register as the customer very seldom takes furniture home. In most cases it takes several days or even weeks before finally delivery."

In this time, several elements can impact on the purchase from the buyer being inconvenienced by the delivery time to buyer's remorse setting in. The longer the period of delivery, the less excited the buyer becomes. There is also the risk of damage to the goods. "The fragility of furniture means that every time it's touched in the supply chain, you are adding risk that can increase your costs significantly."

Taking all of these aspects into consideration, it became clear that House and Home needed a supply chain whereby the touch of its products was limited. The operations also had to be streamlined to improve service efficiency without increasing costs. "Ultimately the goal is to see improved customer service through faster delivery with fewer damages," says Gary.

"Distribution centres and warehouses are expensive investments and so it's always to look at the company's growth and incorporate the future plans into the strategy. What we implement has to stand



The introduction of new equipment such as these turret trucks is part of streamlining operations at the new House and Home distribution centre

the test of time and serve the business needs for the next 30 years." The decision was therefore taken to look at operations in Gauteng first where the business was fast running out of space in its existing warehouse.

Bespoke buildings

A building in Gosforth Park, Germiston, was identified by the team as suitable for



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transforming into a distribution centre. With a long-term lease signed, they set about introducing bespoke solutions.

According to Grant Lewington, business development executive for industrial property developers Improvon, construction had already started on the various developments situated on a 75 000 square metre piece of land just off the N3 when House and Home approached them.

"This was a speculative development but House and Home had some very specific requirements to allow for their supply chain strategy," he says. "While construction was already underway, we were able to incorporate their needs and the result is a bespoke building meeting their exact requirements."

Surprisingly the space is smaller than what the company had been utilising. "You cannot just continue adding square metre space to a warehouse. It becomes costly," says Gary. "The trick is to use your space footprint more effectively. In this case we went vertical designing around the flow of goods, creating specific areas for certain types of products and using racking more efficiently. In this way, you can grow your business in a smaller space."

Fragile

Another critical element was the introduction of the Furniboxes supplied by One Touch Retail Solutions. "The Furnibox is custom designed for large and fragile items such as furniture. It covers movement, from the time the goods are received until they leave the warehouse, and reduces the handling of furniture," says Gary. "Once the product is securely placed on the box, direct contact with furniture ceases in the warehouse.

In this way even the most sensitive items can be moved, stored and stacked in the warehouse safely and quickly, and delivered in complete consignments – without any risk of damage.

"The furniture is also only handled once instead of repeatedly and specific pieces can be kept together. No longer does the picker have to find the sofa on one side of the warehouse and the chair on the other. An entire suite is packed on a Furnibox and stored together, making picking more efficient and streamlining the entire process," explains Gary.

What we implement has to stand the test of time and serve the business needs for the next 30 years

Very innovative

Johan Crafford, managing director of Palian racking and shelving, says much of what is incorporated in the centre is standard and can be found in any other warehouse. "It is rather about how they use it, and the elements are put together in a unique way to meet the ILS design" he says. "It's very innovative and we worked closely with ILS to design the racking for the warehouse to allow them to pick and pack and store more efficiently."

The use of VNA racking for Furnibox storage is a first in South Africa. In Europe, the Furniboxes are supplied with rack skids that allow placement in racking. In order to reduce the carbon footprint in shipping the Furniboxes, they were supplied without skids. This required the development of a "top hat" section for the rack to support the Furnibox.

ILS, One Touch Retail Solutions and Palian worked



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- Improve product visibility
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together to develop a cost-effective solution. A cantilever P&D was also developed locally to allow the placement of Furniboxes into the system, while still storing Furniboxes above, maximising the cubic capacity of the facility.

Unique to South Africa

Bringing all the different elements of the new distribution centre together required a team effort. Every last little detail was taken into consideration from the entrance and exits to the premises, to operational flow within the centre. Even the roof and floor received special attention. "Because we are packing higher, we need a floor that is able to handle it," says Gary

Adrianus Huijskens, managing director of PC Floors, says the specific implementation at the distribution centre had never been done before locally, so solutions were customised to specific areas in the warehouse. "The concept used in the racking area is unique in South Africa. The floor needed to be superflat to prevent the reach trucks from rocking when moving between the floor and so it called for a specialised high tolerance implementation," he says. PC Floors also installed a jointless steelfibre floor in a large section of the warehouse for operations in that section.

Sustainable

Mike Coleman of MMD Batteries says while it is not the biggest of operations they have been involved in, the approach to bespoke solutions that address specific requirements is commendable. "This site has been one of the first where we have introduced a new range of batteries that are far more sustainable allowing us to ensure House and Home get the best utilisation and maximum battery usage," he remarks.

The use of VNA racking for Furnibox storage is a first in South Africa

Simply put, says Gary, there is no 'one size fits all solution'. "Supply chain efficiency was achieved for House and Home by taking out all of the idiosyncracies and introducing a simple operation with logical flow in a centralised area. But making a warehouse work efficiently is not just about flow and design. It's about having all the right elements in place from the floor right up to the roof. There is no cutting corners - a concept that House and Home understands well and is willing to invest in," Gary concludes.

*Gary Benatar, ILS, Tel: 021 816 2000;
Email: ils-ct@ils.co.za; www.ils.co.za*

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