



AMCS Case Study

Reitan Distribution

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Until 2008, Reitan Distribution's business of distributing food products to retail outlets across Denmark depended heavily on external planning, and the company had little influence on the actual execution. Within two years, AMCS Retail Planner has helped Reitan Distribution to gain complete control of the process while significantly improving the efficiency, overall service and bottom-line results of the company.

Reitan Distribution in brief

Reitan Distribution delivers consumer goods to a wide range of chain stores in Denmark, including 7-Eleven, Rema1000, Q8, XY and Statoil. The company is part of the Norwegian Reitangruppen, which is one of the largest retail companies in Scandinavia with 27,500 employees and a 2009 turnover of more than 7.1 billion euros.

In Denmark, Reitan Distribution supplies more than 900 stores with dry foods, refrigerated products and frozen goods, using approximately 100 trucks. The goods are distributed from the main terminal in Horsens and a satellite terminal in the Copenhagen area.

According to Transport Manager Preben Lyng Nielsen, Reitan Distribution had little control of the planning and distribution process before implementing AMCS Retail Planner: "Three years ago, the responsibility of planning and delivering goods on time was entrusted entirely to external hauliers, so we did not have much influence on how this was actually carried out", he says. "Moreover, the process involved a lot of manual fiddling about with loading lists, scissors and staplers. All this was what we wanted to change through the insourcing of logistic planning and use of

Flexible and user-friendly

Reitan Distribution's main objectives of acquiring a new transport planning system were to provide better service for both warehouses and stores and to become able to control and monitor execution, thereby also obtaining traceability and proof of delivery. In addition, the system should contribute to reaching the overall target of reducing distribution costs by 20-25 %.

In order to achieve these goals, a thorough research and selection process was initiated, resulting in the choice of AMCS Retail Planner. "The main reasons why AMCS Retail Planner was chosen were its flexibility as regards dynamic planning and the fact that it is very user-friendly", explains Preben Lyng Nielsen. "Besides, the system links well with the financial side of the business. With the system's dynamic planning facilities, we can now see right away how much we will gain from making plan adjustments. It also enables us to control the level of resource utilisation and the invoicing of hauliers.

"AMCS Retail Planner was implemented quickly and efficiently and was generally well received", continues Preben Lyng Nielsen. "The implementation required a lot of groundwork, but with passionate managers, acceptance from the stores, and the excellent help of AMCS's consultants, it went well altogether."



Saving time and money

With 6,600 deliveries a week and 48 million goods items a year, Reitan Distribution's transport is very comprehensive and accounts for one third of the costs. The company operates with six delivery days a week, various delivery patterns for different types of goods, and numerous restrictions relating to e.g. store demands, environmental regulations and residential-area distribution.

Based on all this, AMCS Retail Planner creates a set of master routes while taking account of terminal and resource capacities. However, the actual number of ordered goods can vary significantly due to seasonal fluctuations, campaigns, etc., so dynamic planning is essential. "There are wide variations in the overall load, yet we must always arrive within one hour of the given arrival time", says Preben Lyng Nielsen. "The system really helps us to meet this time window and to decide whether extra warehouse workers and drivers are needed."

Right now, Reitan Distribution is expanding the use of the system to involve real-time planning, thereby improving traceability and operational manageability even further. This will facilitate self-billing and en route notification of stores in case of sudden changes. Reitan Distribution also uses the system for planning backload transport, thus saving time and money, leveraging resources and reducing the company's carbon footprint.

A quantum leap

Reitan Distribution has gained decisive advantages from implementing AMCS Retail Planner. As Preben Lyng Nielsen points out, "We are very pleased with having detached ourselves entirely from dependence on external planning systems. AMCS's system has enabled us to even out the workload throughout the week and to gather orders in the same districts on the same routes. This is absolutely crucial."

Major benefits from implementing the system:

- ▶ A minimum reduction of 10 % in distribution costs
- ▶ Time spent from order deadline to actual delivery reduced by 50 %
- ▶ Significantly improved overview and much more flexible execution
- ▶ Increased control of the process as well as the invoicing and utilisation of resources
- ▶ Better service for stores and smoother warehouse work flow

"The transition from our old manual solutions to AMCS's high-quality, dynamic systems has resulted in numerous benefits which cannot all be quantified in money terms", adds Preben Lyng Nielsen in conclusion. "It has truly been a quantum leap for us."

More information

To find out what an advanced optimisation system can do for your organisation, please visit our website or contact sales. We will be pleased to help you discover which efficiency gains your company can achieve with an AMCS system.

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