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Jim Thind, Senior Manager, IT



Sainsbury's makes great strides in supply chain optimisation with Manhattan solutions

OUTMODED SYSTEMS

Sainsbury's Supermarkets is the UK's longest standing major food retailing chain, having opened its first store in 1869. Today the chain includes more than 500 supermarkets and nearly 300 convenience stores. A large Sainsbury's store offers around 30,000 products and an increasing number of stores also offer complementary non-food products and services. Many of its stores also operate an internet-based home delivery shopping service.

A review of Sainsbury's existing distribution centre network revealed that its current supply chain was no longer able to deal with the demands of its store network and the emerging need for direct to consumer deliveries. The review identified that Sainsbury's systems were over 20 years old, did not have the functionality required and were becoming costly to maintain.

Moreover, existing batch systems produced logistics information only after the event, when it was too late to fix problems that may have occurred at any point in the supply chain. It was clearly recognised that Sainsbury's supply chain was unable to take full advantage of many of the opportunities available nor realise the full distribution potential.

EARLY ADOPTER

Sainsbury's needed an advanced supply chain systems infrastructure. After a thorough review of solutions available in the marketplace, Sainsbury's chose Manhattan's Warehouse Management solution for Open Systems and its collaborative commerce platform, Extended Enterprise Management. Sainsbury's was a pioneering user of the solutions and helped shape the way the systems were developed over time to support its own business.

Sainsbury's chose a phased implementation approach in order to test the capabilities of the new system and minimise business risks. The company

Sainsbury's

Headquarters: London

Distribution locations: 4 strategic fulfilment centres and 4 Primary Consolidation Centres (PCCs)

Manhattan solution: Warehouse Management for Open Systems, Extended Enterprise Management

Challenge:

Existing supply chain no longer able to deal with the demands of its store network and emerging need for direct to consumer deliveries .

Goals:

Modernise systems to support strategic warehouses, facilitate collaboration with suppliers and support the business's future growth.

Solutions:

Warehouse Management for Open Systems and Extended Enterprise Management.

Results:

Ability to handle up to 2 million cases per week at its strategic fulfilment centres and improved collaboration with suppliers.

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The fulfilment centres, each of which processes around 100m cases per annum, and a proportion of the PCCs utilise Warehouse Management to manage the whole process from receipt to put-away through storage, picking (via the WCS), staging, consolidating, shipping to the stores and finally invoicing. The company also continues to rely on Manhattan's EEM solution for collaborating with many of its suppliers.

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selected two different kinds of distribution centres for the first installations of Warehouse Management. Sainsbury's began with the Northampton PCC on the basis that this site was a safe test bed which could easily operate as usual during the implementation due to its size and shipping volume. The implementation at this site resulted in improved accuracy which helped to improve service levels to the main distribution depots that it serviced.

Sainsbury's then chose to deploy the solution at a more complex site at Rotherham. This was a 300,000 square foot regional distribution centre (RDC) with 17,000 reserve racking locations, over 4,000 active pick sites and more than 600 employees. Over 51 million cases of goods passed through the facility annually and the site operated 24/7, 364 days a year.

The company completed a period of testing and refining of the system before taking it live at Rotherham. The actual go-live was phased, beginning with the use of the solution for soft drinks distribution, then moving to bulky item distribution and finally to ambient goods. As a result of these initial implementations, overall accuracy of consignments to stores improved.

Alongside the Warehouse Management implementation, Sainsbury's also deployed Manhattan's Extended Enterprise Management (EEM) solution to facilitate improved collaboration with its suppliers. The solution was deployed across a number of its suppliers, enabling each to exchange data with Sainsbury's without a significant IT infrastructure. With just a PC, a web browser and a printer, suppliers are able to:

- receive orders electronically from Sainsbury's DCs
- print a barcode label that can be affixed to a consignment so that goods arriving at the DC can be scanned and matched with the order sent
- send Advance Shipment Notices (ASNs) to the receiving DC so that DC operatives know exactly when they will receive their ordered goods

NETWORK REDESIGN

Following a subsequent review of the Sainsbury's distribution infrastructure, the company decided to consolidate its DC network. Over an extended period it built four new fulfilment centres, at Hams Hall (Midlands), Waltham Point (N London), Stoke (Staffs) and Rye Park (N London), each with a floor space of up to 600,000 sq. ft.. In the process it closed down a number of its RDCs. Sainsbury's retained the Manhattan solution to support its new fulfilment centres.

In addition to the Warehouse Management solution, a whole range of other technologies were installed into the fulfilment centres simultaneously, including automated equipment and a warehouse control system (WCS). New processes, people and operating patterns were introduced for the first time and all four fulfilment centres opened over a six month period. This was a clearly highly complex project.

CONFIDENCE PAYS OFF

Manhattan's systems provide Sainsbury's with an accurate and real time picture of inventory levels across a proportion of its distribution network controlled by the Manhattan technology. DCs are able to check stock levels at any time, real-time. Today the fulfilment centres, each of which processes around 100m cases per annum, and a proportion of the PCCs utilise Warehouse Management to manage the whole process from receipt to put-away through storage, picking (via the WCS), staging, consolidating, shipping out to the stores and finally invoicing. The company also continues to rely on Extended Enterprise Management for collaborating with many of its suppliers.

Jim Thind, senior manager in IT says, "We have made some tremendous strides with supply chain technology over the last few years as well as process-facilitated improvements. One of the biggest compliments we can pay Manhattan is that we rarely need to call their help desk but when we do their team is able to deal with issues quickly and efficiently."