

Unipart Logistics Supply Chain Summit 2007

27th April 2007

A major change in supply chains and Lean thinking in practice were the main themes among leading industry figures and supply chain professionals at this ground breaking Summit hosted by Unipart Logistics.

“The World wants to go Lean. I see that everywhere I go.”

John Neill
Group Chief Executive
Unipart Group

“It was an excellent Summit. I left with no doubt in my mind that cutting out wastes in business processes is the sure way to build the platform for sustainable profit growth.”

Joseph Wan,
CEO, Harvey Nichols



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A Change in Supply Chain Philosophy

Professor Daniel T. Jones

Chairman of the Lean Enterprise Academy



"We are at the beginning of the next industrial revolution", stated Professor Dan Jones at the start of his presentation. Describing himself as a 'missionary for Lean principles', he revealed in detail areas where the retail supply chain is dysfunctional.

Starting by describing Lean thinking as identifying unnecessary activities in our companies, finding this waste and removing it, Professor Jones commented that, "Lean is an awful lot more than that. A focus on waste is only half of the story. Defining value and looking back from the customer is the other half. Lean is about developing new capabilities of serving customers in new ways."

"It is a challenging opportunity for retail," he added.

Drawing on Toyota's insight into delivering excellent operations by focusing on processes, Professor Jones pointed out that if you get the processes right, the people will be enabled

to do a good job. This includes finding the core value-creating processes within an organisation and across supply chains.

Focusing on these 'broken processes', he commented on the 'huge amounts of waste' encountered in retail supply chains. He also spent some time concentrating on current failings. "For the past decade, out of stocks have remained pretty constant and this hasn't changed despite huge investment in IT."

A more concerning statistic is that this equates to a probability of finding the 'basket of what you want' as low as 50%, as well as a high number of substitutions. Indeed, it was not known how high this substitution figure was, until the growth of internet shopping revealed customers' true shopping lists.

Criticising the existing model of long batches, six week forecasts and 100 day supply chain inventory levels, Professor Jones pointed out that, "substitution obscures real demand". This leads

to manufacturers making to forecasts that are inaccurate in the first place, which in turn leads to perpetual firefighting.

Illustrating this with a diagram revealing the Wheels of Waste in retail supply chains, he commented that, "it was not visible as being this dysfunctional".

The solution, according to Professor Jones, is to construct supply chains that work in tight replenishment loops, following the example of the Toyota parts distribution supply chain. Here, replenishment and manufacturing are a daily process which leaves minimal inventory in the supply chain, yet supplies the customer rapidly. "We are replenishing what was actually taken out of the store by the customer."

"We are just at the beginning of a revolution. You need to think through what the strategic implications of this are for your business. You can't just copy it. We are looking for a new win-win deal between retailer and customer; and between customers and suppliers. It is a staggering potential opportunity and it starts with the customer."

Emphasising the importance of embracing Lean thinking to achieve competitive advantage, Professor Jones talked about "changing from a tactical tool for eliminating waste, to a strategic tool for changing the business model".

Handing over to John Neill for the story of how this Lean philosophy translates into action, he concluded by saying: "You will see in Unipart the strength of customer focus, of a process focus, but also a commitment to develop through experimentation, and a management system to make this all work".

"I believe we are on the threshold of some fundamental changes in the whole retail landscape."

"You will see in Unipart the strength of a customer focus, of a process focus, but also of a commitment to develop... and a management system to make this all work."

Bringing the Unipart Way to Life (A Tour of the Unipart Logistics Operations)

A unique component of the Unipart Logistics Supply Chain Summit was a multi-location tour of the Unipart Distribution Centre and related facilities. The 'Faculty

on the Floor', located within the Unipart Logistics Distribution Centre, is the place where

teams learn how to use and implement the tools and techniques of the Unipart Way, access best practice developed elsewhere and coach others in their use.

Tristan Maskens, Operations Manager for Unipart Logistics, provided an overview of the Cowley operations employing around 500 staff, running a 24 hour operation with an annual throughput of 17 million lines.

The Summit tour also incorporated a visit to one of the Communication Cells supporting the Halfords contract. Team Leader, Pete Hanton, explained that a 'Comm Cell' is where Unipart Logistics teams meet daily to review performance against the key performance indicators from the customer's policy deployment matrix. Areas for improvement



The Unipart Way

Challenge – The Lean Journey in Practice

John M. Neill

Group Chief Executive, Unipart Group

Turning theory into practice, John Neill gave insights into the process, pitfalls and considerable business benefits of the Lean journey.

Revealing that Unipart's journey started 20 years ago, John Neill pointed out that the decade before laid the foundations with "the deep and pervasive cultural change which a Lean journey requires".

Taking inspiration from Toyota and Honda, John Neill continued, "Incidentally, one year after we started our Lean journey, we knew all the words and we thought we understood it. Five years later, we realised just how little we really knew".

"When people ask what retail organisations can learn from Toyota, they immediately expect to hear about the tools and techniques applied outside of manufacturing. Frankly it isn't simply about tools and techniques, it's mainly about philosophy and culture."

He also stressed the need to find innovative, powerful and compelling ways to communicate from top to bottom and keep saying the same thing time and time again.

'The Unipart U' was the means of distributing learning and training throughout the organisation, an important part of the cultural shift. This led to the creation of a 'Faculty on the Floor' in every workplace, enabling almost universal participation by the workforce in the tools and techniques of Unipart's Lean activities. The location ensures staff can "Learn at 10 and do at 11".

The Unipart Way was formally branded in 1997 and defined as "our philosophy of working, underpinned by tools and techniques". John Neill is confident that the successful implementation of this "enables us to improve faster than the best alternative available to our existing and potential customers."

are identified and addressed using the tools and techniques of the Unipart Way. This inspires continuous improvement in a way which helps improve performance for customers faster than anybody else and contributes to a more interesting working life.

Delegates were also able to see how visual management is playing a key part in controlling the performance of global logistics operations for Jaguar.

In the Advanced Logistics Centre (ALC),

Ian Ashley, Head of Process Practice for Unipart Expert Practices, explained to delegates how the ALC enables supply chain management to better understand the dynamics of their supply chain, identify how improvements can be made, and develop an understanding of how the future supply chain could look.

Unipart Logistics and Unipart Expert Practices regularly use the ALC to very effectively recreate different supply chain operations for retail, rail network

supplies, or defence logistics, in order to design optimised supply chains and de-risk system implementations and process changes.



"After many years of painful hard work implementing Lean in our factories and distribution centres, I became convinced that the Unipart Way would work everywhere."

Some of the challenges in implementing the same Lean culture, tools and techniques in other businesses were covered. "We really convinced them that we could deploy expert practitioners into their business who could architect their Lean journey and start them off with the right tools, in the right sequence and at the right speed," John Neill stated. "The reason we were able to do it faster was because we had been down the blind alleys and made most of the mistakes."

"Because we have now invested many years in our body of knowledge and building our cadre of expert practitioners, we received requests from a global insurance company, a global manufacturing company, a global petroleum company and one of the biggest Government departments to implement the 'Unipart Way Inside' for them."

Spectacular results have proved that the Unipart Way Inside will work in manufacturing, distribution, offices and retailing. "It not only works in Britain and America but also in Eastern Europe, in Argentina and Brazil and right now, we have a team in China helping a client put the Unipart Way Inside into brand new factories."

John Neill then linked his presentation to the subsequent tour of Lean activities in practice by saying; "On your visit to the offices and distribution centre in Unipart today you will meet the most committed, engaged and productive employees anywhere in the world."

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Retail Panel Debate



Following the Tour, an active question and answer session, Chaired by CILT president Alan Waller, revealed many concerns about retail supply chain operations and partnerships. Panellists Bob Wileman of TPL Logistics Management, Chris Poole, ex Proctor & Gamble, and Martin Green of Unipart Expert Practices shared broad agreement on current issues.

Unipart Logistics provides logistics and supply chain solutions across a broad range of sectors, including: Retail, Manufacturing, Technology, Aerospace and Automotive. Current clients include Halfords, Homebase, Vodafone, Jessops, 3, Sky and ASOS.com. Core services include warehousing, transport, inventory management, supplier management, service and repair management, information systems, process design and commercial services, which can be combined to provide bespoke solutions for specific clients.

Round Table Discussions about Lean Supply Chain Future

After thought-provoking presentations and an inspiring tour of the Unipart Logistics facilities, Round Table discussions among delegates were very animated. There was genuine excitement about the opportunities to transform supply chains using the latest Lean thinking. Here are just a few of the quotes from the session:

"How many warehouses have you been into that look like this... where the people are engaged. If that's through Lean, then I'm sold!"

"The scale of the prize is recognised to be huge, however this needs to be shared across the supply chain"

"Lean is a philosophy requiring time, leadership from senior management and shared vision"

"We need to engage employees in the process in order to ensure sustainability"

"Lean is not just another toolkit"

"Top down senior management understanding and support is key for cultural change"

"The scale of Lean can be overwhelming"



"This morning has been an extremely powerful experience for me."

*Tim Owrid,
Director of Supply Chain,
Woolworth Stores*

This is just a brief summary of the day's proceedings. For more details on this ground breaking Summit, or to discover your next opportunity to experience Lean supply chain thinking and practice, please contact Sue Pryce on **01865 383362**

If you would like to arrange a visit to Unipart Logistics or meet with one of our team to understand how we could help you implement Lean processes in your own organisation, please contact Paul Brooks on **01865 384755**

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