



DSGi OPTIMIZES THE RETURN ON RETURNS

THE FIRST STEPS

DSG international plc is a UK-based European electronics retail giant that operates such household names as PC World, Currys and Dixons.co.uk in the UK and Ireland, Elkjøp in the Nordic countries, UniEuro in Italy, Kotsovolos in Greece, Electro World in Central Europe, Greece and Turkey, PC City in Spain, Italy and Sweden, and Pixmania.com across Europe.

In 2007, after re-evaluating the performance of the supply chain, DSGi prepared to implement a new operating model. This was a big shift but it was carefully designed to enable them to work better with suppliers and improve customer service. The new operating model created a centralized collection and delivery point for suppliers at what is now the Newark Campus.

A NEW CENTRALIZED RETURNS HUB CREATES ITS OWN YARD MANAGEMENT CHALLENGES

With 1,300 stores and online operations in 28 countries, 40,000 employees, and more than 100-million customers every year, when DSGi has a logistics challenge it is, by definition, a major one. When it was time to implement the new operating model at the Newark yard and centralize what used to be multiple operations at a single site, DSGi turned to C3 Solutions for help.

Centralization at the new DSGi Newark hub introduced the important issue of control and resource management in the yard. With higher volumes an already problematic situation would only get worse. DSGi logistics planners were concerned with the number of trailers, trailer types, load types, and how long trailers would be in the yard. Good record keeping and accurate yard inventory were also critical to smooth site flow. But without a Yard Management System in place a completed yard check was out of date by the time the updated inventory sheet arrived back at the office.

CHOOSING A YARD MANAGEMENT SOLUTION

DSGi spent nearly six months identifying and vetting partners and solutions to keep its Newark Campus running smoothly. The evaluation process led to a clear choice: C3 Solutions and its Yard Smart yard management solution were the right fit.

DSGi logistics planners liked the fact that C3 is a yard-focused company specializing in exactly the type of product DSGi was looking for. At the first Yard Smart demo, DSGi planners were impressed with the flexibility, power and usability of the system. The demo was followed by a visit to Royal Mail's cutting-edge Daventry super-hub where Yard Smart handles more than 1,600 gate transactions a day.

DSGi appreciated the fact that the software could be used standalone or integrated with its WMS. With C3's experience in massive-scale yards like the Royal Mail's, DSGi was reassured that the C3 team was up to the challenge.

YARD SMART AT NEWARK

Yard Smart went live at the Newark Campus in November 2007, during the peak sales period. The transition was smooth and well received on-site by the staff who actually had to use the software. The implementation was paying off in all the ways DSGi had hoped it would.

THE UNEXPECTED RETURNS

What DSGi saw on day one was eye-opening: for the first time the scale and volume of the returns operation was revealed. Using Yard Smart they were finally able to see the sheer number of returns trailers in the yard – each trailer requiring unloading to then be cycled into outbound operations. The impact the returns operation had on the entire site flow had suddenly become glaringly obvious.



C3 Solutions

DSGi staff looked at the stats provided by Yard Smart and saw a need to overhaul how the returns operation was resourced and organized. As greater efficiencies were introduced into the returns receiving operation the benefits were realized throughout the yard, particularly a significant increase in the on-time supply of empty trailers to the Regional Distribution Centre.

Yard Smart not only helped DSGi identify the initial choke-point that returns were creating in the yard, it helped the logistics team identify additional points within the returns operation that needed to be ironed out. Door assignment for returns trailers was one of those critical points. To solve this DSGi used Yard Smart to facilitate the creation of a dedicated Returns Door Group, providing semi-automated delivery of returns trailers to the appropriate doors, and a flow of empties to the outbound operation. More efficiencies have been achieved by the savings on shunt moves, where trailers are moved from door to door, without being dropped in the yard, as was previously done.

THE HIDDEN PROBLEM: RETURNS WERE CHOKING THE YARD AND SLOWING DOWN THE SYSTEM

WHITE GOODS:

Typically refers to large household appliances such as fridges, washers, stoves etc

BROWN GOODS:

Refers to smaller electronic devices such as DVD players, camcorders and game consoles

Returns are always a major challenge for yard and DC operations in the consumer electronics and white goods industry. The products are often big and bulky and need to be returned to their manufacturers. Managing the return system at the DSGi Newark hub was no exception, trailers full of returns created a serious chokepoint in the yard, but with limited visibility in the yard this caused major headaches without a clear view to the source.

To put the problem into perspective, in 2006-2007, some 2.5 million small brown goods and 160,000 white goods and large screen TVs were returned to suppliers, all of which generated credits of approximately £155m.

In the past, DSGi's handling of returns to suppliers was fragmented across the business. Small brown goods were handled through a specialist unit near the Stevenage National Distribution Centre (NDC) while large white goods were processed manually through a network of 17 stockholding Local Distribution Centres. Suppliers collected returns from and delivered into a variety of locations using different procedures and systems, sometimes processing the same returns at multiple locations.

It was only on centralizing this process and gaining full visibility into the magnitude of the returns operation that DSGi was able to understand how integral it was to the rest of the site flow.

SMOOTHING OUT THE PEAK PERIOD

In the peak period that followed the Yard Smart go-live, the transport operation was able to cancel orders for three additional shunt trucks, seven tractors, and 34 rental trailers because of the optimized yard flow and better adherence to schedules. All of this was made possible as a result of the increased visibility on the yard and the resources in it.

"From a position where we had 80+ returns trailers in the yard with no real idea exactly where they were, we quickly progressed to an average of 20 accurately-located trailers awaiting unloading, with the day's trailers constantly being delivered to the returns bays," explains Mike Wakefield, General Manager National Returns at DSGi. "This has now dropped even further. By the end of the returns peak we were at 10."

"The visibility and powerful performance measures provided by Yard Smart from the outset allowed both operations and third-party logistics provider DHL to have much more meaningful dialogue and exercise more control than ever before," says Steve Gibb, DSGi Transport Contract Manager. "Coupled with an improved customer delivery performance, this gave us the confidence required to make the decision to decrease the planned fleet."

Progress was dramatic. During the returns peak, the total trailer fleet was 477 trailers and the tractor fleet was 161 units. Today, the numbers are 307 trailers and 101 tractors. "It's normal to see a reduction after the peak period, but we think at least 25% of the trailer reduction can be attributed to the confidence achieved by higher-quality information provided by Yard Smart," Mr Gibb points out.



C3 Solutions



POWERFUL DATA DRIVES NEW EFFICIENCY ANALYTICS

In the longer term, DSGi staff have a much clearer picture of how docks and resources are used. This visibility gives management the ability to drill-down into specific aspects within the operation in order to streamline with full confidence of understanding the real impacts of any moves. The next step is to implement online supplier bookings which will drive even more optimization.

WORKING WITH THE C3 TEAM

The software is only half the battle in any enterprise-scale solution implementation. The rest of the equation is the expertise, experience and ability to deliver of the supplier team in charge of the implementation. "We all found the C3 team extremely knowledgeable, not only about their product, but about the whole business area in which we work," says Mr. Wakefield. "We were impressed with their work, both its quality and quantity, their enthusiasm for the project and the level of commitment and support over the implementation period." And the relationship continues to grow.

CONCLUSION - WHAT IS THE RETURN FOR FIGURING OUT THE RETURNS PUZZLE?

For DSGi the answer to the question "what did we get out of this process?" is as simple as it is powerful. DSGi gained the visibility and clarity they needed to get their centralized Newark Campus yard flowing efficiently. That efficiency has translated into faster returns, lower yard costs and an overall boost to the velocity of their logistics system. That's what we call a return on investment.

FOR MORE INFORMATION CONTACT:

Kerri Fincham

Kfincham@c3solutions.com

ABOUT C3 SOLUTIONS

C3 is a market leader in innovative Yard Management solutions. With an international roster of high-profile clients ranging from Ford to Royal Mail to Canadian Tire Corporation C3's Yard Smart software suite is the first to move beyond the typical rules-based model and implement smart-agent technology to solve the problems caused by today's high-velocity logistics systems. Learn more at www.c3solutions.com.