

LAA LTD AMWAY OF AUSTRALIA DISTRIBUTION CENTRE FEBRUARY 21 2008 SITE VISIT

On Thursday 21 February 33 LAA members took advantage of the opportunity provided by Amway to tour their 14,000 square metre Australian Distribution Centre. This national distribution facility that has served the ever-growing demands of Amway customers for the past 28 years is located in the leafy north western Sydney suburb of Castle Hill. Members were welcomed by Peter Swan (Amway's Australian Distribution Centre Manager) and Eugene Maihi (Warehouse Operations Supervisor) then given a brief over-view of the expansion and other various developments that have occurred on this site (since its inception) that have enabled Amway to keep abreast of growth and other changes in their specific business environment.

Early in the course of the site tour members were provided with an understanding of the structure of the Amway customer base and the associated service / delivery time commitment, which brought the business task into perspective. An appropriate blend of both simplistic and medium tech (by today's standards) resources, are used to achieve an effectively structured solution to the dynamic task at hand. An integral component of this solution is the 3 parallel picking lines which provides valuable flexibility and avoids undue pressure / complications that could otherwise easily result from any range of circumstances on a daily basis.

For the benefit of those who were not able to attend, a statistical snapshot is included that may help gauge the size and diversity of Amway's business task.

Import containers received annually: 220 (TEU),

Products in the range: 3500 SKU's

Warehouse Rack locations: 14000,

Customers: 80,000 IBOs (Independent Business Owners)

Minimum Order Quantity: a single unit of any product line, e.g. 1 eyebrow pencil.

Orders picked per day: 1500,

Product lines picked per day: 2500,

Products despatched annually: 625000,

As a consequence of today's demand expectations Amway offers through a Cycle Delivery system a 2 day response for general orders and an express service (at a small additional cost) to cater for those unforeseen urgent circumstances, or for IBOs that have missed their cut off time. In a market of direct supply to anywhere throughout the country (virtually any household) within such a short time-frame, Amway are consistently achieving enviable results (picking at over 99.5% accuracy and DIFOT results of 99%).



Our thanks go to Amway of Australia, Peter Swan, and his team for their hospitality on the day. Furthermore we thank them for the healthy reminder (which became very clear throughout the course of the site visit), that if you properly understand your business you can avoid over-complicating the solution that you structure.