



Logistics Association of Australia Ltd

DELIVERY SERVICE EXCELLENCE

The Logistics Development Award is sponsored by CHEP Australia and supported by TMP Worldwide.

Following is the fourth in a series of articles from Paul Walton, winner of the Logistics Development Award 2001, sponsored by CHEP Australia and supported by TMP Worldwide.

Achieving excellence in delivery service is a key goal for every company on the planet. Whether a company is involved in products or services, a core component of customer satisfaction is the provision interface.

En-route to the Council of Logistics Management I spent some time with Lion Breweries in New Zealand who have in the last two years implemented a delivery service project with outstanding results.

The value of this case study lies in the simplicity of the approach used to tackle a complex problem. Utilising very simple management techniques, Lion have demonstrably improved their service interface to a world class level.

COMPANY BACKGROUND

Lion Breweries is the New Zealand beer division of the Australian based drinks company Lion Nathan Group. They are the New Zealand market leader with over 60% market share. Lion have 4 breweries, over 4000 customers and at the commencement of this project had approximately 100 SKUs.

BUSINESS DRIVERS FOR CHANGE

Lion had a number of challenges that drove the development of their delivery service program:

- Carriers determined the service level, which varied greatly – by carrier/area/season
- Management time was primarily invested in fire-fighting historical issues
- The service expectations of Sales, Logistics, Corporate, Carriers and Customers differed vastly

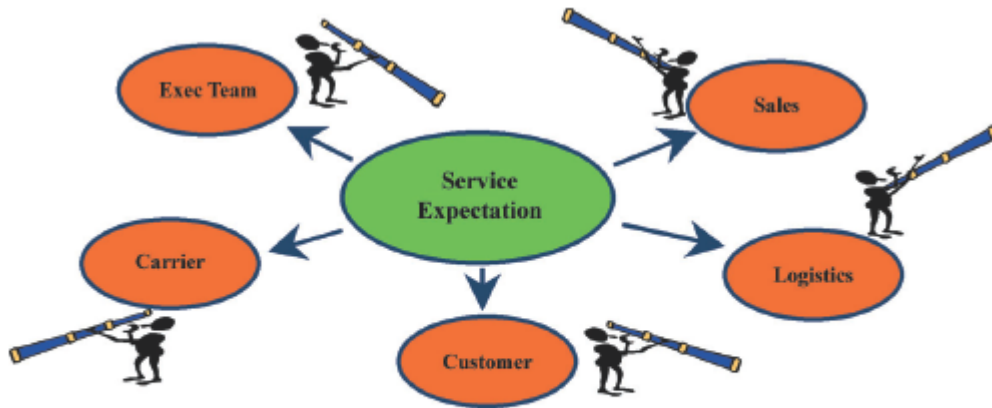


Figure 1. Differing Service Expectations

PROJECT OBJECTIVES

Lion Breweries set a few straightforward objectives for the delivery service project.

- Establish the ideal delivery
- Align the expectations of stakeholders to remove "emotion" in delivery relationships
- Measure the performance of the carriers
- Feedback performance to the stakeholders, and manage issue

APPROACH

Identify Critical Factors



Develop and Sell Promise



Audit Performance



Feedback Results



Identify Critical Factors: Like many companies, Lion's delivery interface is complicated - with over one hundred carriers and close to four thousand customer locations. Through extensive consultation, Lion identified the most important factors of delivery service. The aim was not to develop the most comprehensive service, but a level of service considered professional by each of the stakeholders involved.

Develop and Sell Promise: With the results of the consultation, Lion used the five critical factors (product quality, driver professionalism, delivery time, delivery location, correct documentation) to develop a service promise. The service promise is five short paragraphs and was distributed to every Customer, with laminated copies to Sales Representatives and Carriers. Without Carrier and Sales buy-in the promise had little value, so every available forum was utilised to develop commitment to the promise.

Audit Performance: Each month 10% of deliveries are identified, and the day following delivery customers are telephoned by the National Call Centre. The Customer is asked 6 specific questions relating to the service promise. For example "Was the beer delivered to your coolroom or where you required it?". Customer Service Representatives are provided training in further investigation if the answer is negative.

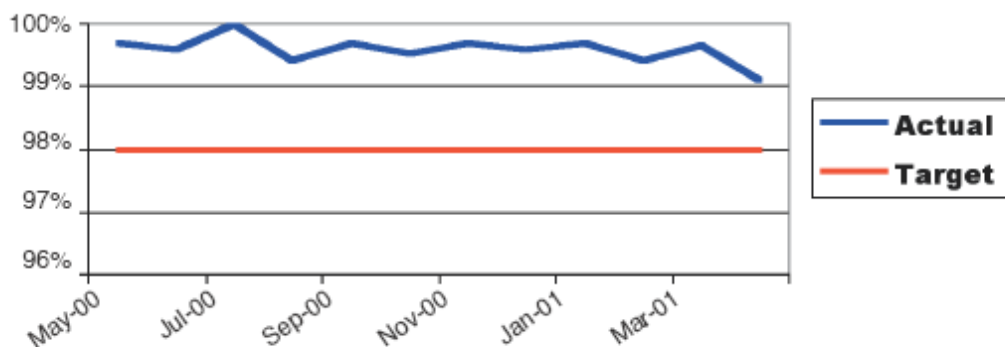
Feedback Results: The results are extracted from the database and presented monthly in a graphical format. Sales, Executive Team, Logistics and Carriers all receive a copy, with poor results requiring explanation and corrective action. Carrier results are reported with all regional carriers in a single room, to encourage healthy competition.

RESULTS

While Lion Breweries' approach is not groundbreaking, the results are spectacular.

Every month since May 2000 Lion has achieved an average North Island positive question response of over 99%. Each result was secured over six questions, seventy carriers, and four hundred customer deliveries. South Island results were similarly spectacular.

Average Survey Result - North Island



NEXT STEPS

With delivery service being consistently executed at a high professional level, Lion Breweries are in the fortunate position to consider the next stage of service provision.

Beginning early 2001 Lion Breweries implemented a premium delivery service for identified customers of strategic importance. Going forward Lion are also developing premium delivery options which will be available to all customers on a user pays basis.

The solid base of delivery professionalism now apparent has provided the foundation to launch another level of delivery service offering, which Lion hope will develop into a genuine competitive advantage.