



Logistics Association of Australia Ltd

SEEBOARD – WHITE GOODS DISTRIBUTION

Following is the fifth of Steven Thacker's reports from his International Study Tour in which he discusses his visit to Seeboard, one of the largest distributors of whitegoods in the UK.

As part of the UK Government's privatisation program, the electricity utility companies were required to operate on a commercial basis two years ago and Seeboard services the southeast corner of the UK. In addition to the provision of electric power, one of the other divisions that had grown over the preceding years was the whitegoods retail sales division.

At the time of privatisation, Seeboard in Kent was one of 11 regional supply companies and undertaking between 250 and 300 deliveries per day.

The furthestmost point from the DC is 70 miles encompassing 71 stores. By far the majority of the stores are "high street" stores, although Seeboard has opened foru 'superstores' (and is due to soon open a fifth) in prime locations such as newly developed shopping malls and large freestanding stores, etc. Additionally, development of 'in-store' outlets has evolved with Sainsbury and five such stores are trading.

In the south-east of England, Seeboard has approximately 80% of the total market in whitegoods, and had expanded into brown-goods also (a highly profitable sector) but only has 4% of this market.

Whereas Seeboard's competitors – Comet and Currids – apply a delivery fee, Seeboard delivers free on a three day order cycle time using 55 drivers in 28 trucks averaging 22 calls/day each.

The distribution system had been changed during the first year of operation as a privatised business unit from decentralised regional distribution centres to a single DC in Tunbridge Wells.

Prior to these changes, there were 50 trucks utilised in total due to the need to provide a shuttle service between the warehouse and the 11 DCs. Two demountable bodies were used on each semi-trailer acting as shuttle vehicles. Each body had locating pins to lock and secure the unit in place and was removed at the DC and left for unloading prior to the return of the shuttle truck

for collection. One hundred such bodies were in use altogether, being interchangeable between smaller rigid delivery vehicles and semi-trailers.

A number of changes occurred in quick succession during the first year – including the above rationalisation and closure of all but one centralised DC. During this process, what we would call enterprise bargaining arrangements were negotiated and implemented that provided Seeboard with a real competitive advantage.

This occurred while distribution was reviewed. With the closure of the RDCs (Regional Distribution Centres) all delivery vehicles were based at Tunbridge Wells and it became apparent that in order to maintain the superior service previously supplied for home deliveries, an efficient and responsive distribution system was imperative.

Customers ordering items from a store were given one of three time slot options:

- i) before 9.00am (i.e. 7.30 – 9.00am)
- ii) all day (i.e. 7.30am – 4.00pm)
- iii) 'business hours' (i.e. 9.00am – 4.00pm).

Seeboard then introduced computerised routing of calls with each store being connected to the DC computer for downloading of delivery details for the third day. Routes were produced with the household postcode providing the house co-ordinates accurate to within 100 metres for each delivery.

Once produced, verified and modified, if necessary, these routes become the means by which the warehouse would pick loads and pre-load into the demountable bodies. Special items or those out of stock could be obtained prior to the despatch day. In the case of refrigerators, left hand or right hand doors were fitted in the warehouse – being interchangeable.

The computer produced routes were found to reduce the overall fleet requirement by 12% and reduced the distance travelled for the retained fleet. Routes were also produced much faster with the resultant opportunity to reduce the lead time to 48 hours.

To further enhance the level of customer service, phones were fitted in each truck to enable drivers to call ahead for each delivery.

Every truck was manned by a driver and jockey, so calls to the next household could be made by the jockey to further improve productivity since it was found that the necessary arrangements had been made prior to the truck arriving – e.g. old washers disconnected, furniture re-arranged, gates left open, etc. Obviously if drivers were delayed then this could be advised also.

All drivers were uniformed in collar and tie and were paid on an incentive system in conjunction with a 6 week rotating roster. Drivers started at 6.30am and worked four successive days for 9.25 hours/day. The roster rotated over 6 days/week (i.e. Monday to Saturday) and additional days worked were paid at ordinary time, including weekends.

A 'box bonus' of 10 pounds per day was paid additional to the hourly rate if the load was completed within the normal working day. To ensure service levels did not deteriorate with this productivity scheme, demerit points from a given bonus each month (called the 'Distinction Bonus') were deducted resulting from unsatisfactory service as measured by such categories as: damage, customer complaints, driving infringements, etc.

Drivers were well paid with a pay structure inherited from prior to privatisation when all delivery drivers were qualified electricians (Band 4) to permit installations. The new negotiated rate structure downgraded drivers to Band 3 but they still earned approximately fourteen thousand pounds per annum.

They were required, however, not only to install appliances where required, but also remove all packaging materials and existing units if traded.

Customer complaints as a percentage of deliveries averaged less than 0.5%.

Major structural and work practice changes were also introduced into the DC operation.

'Work teams' were developed based on four operational functions:

- i) receipts
- ii) picking
- iii) despatch
- iv) repairs.

In the despatch area, for example, all middle management and supervisory staff were removed and a 'team leader' elected by the group.

The despatch function prior to this structural change employed 9 people (excluding supervisors).

A budget based on this manning level and productivity performance at this time was set, and any achievement by the team that was under the cost budget was split 40/60 between the employees and the company each month.

After only two years, with an increase in market share offsetting the economic downturn, only six people were employed in the despatch team with natural attrition absorbing the other three.

Similar gains had been reflected in the other areas also – even repairs when the company decided to bring reconditioning of second-hand units in-house.