

Channel Management: How a Holistic Approach Drives Value Across the Supply Chain

Challenge

When a nationwide quick-service Restaurant Company decided to repeat the successful limited time promotion of a fresh produce item, Armada stepped in as the channel manager to identify opportunities to improve the supply and logistics planning across the supply chain. Product volumes would again be significant, but the high delivery frequency necessitated by the short shelf life drove the need for a different solution.

Adding to the complexity, the product would be sourced from a single supply point in southern California to support the 20-week promotion.



Solution

In collaboration with the Restaurant Company and other stakeholders, a brainstorming session was conducted to identify challenges and document learnings from the previous promotion. Through these discussions, Armada identified opportunities to improve communication, reliability and replenishment across the network. Separately, the Restaurant Company approved a 33% increase in item shelf life, potentially increasing the viability of the ReDistribution channel for better control of supply.

At the heart of the effort was a Scheduled Transportation Solution which would provide the level of control needed to meet the challenging supply plan. Based on the Restaurant Company's forecast, Armada determined the proper logistics channel and the associated calendar for deliveries into each distribution center. The analysis also proved out the hypothesis that the ReDistribution channel could be utilized to a greater degree, with half of the distribution centers assigned to this channel for replenishment. Direct distribution center

Solution *(continued)*

orders were combined into multi-stop shipments to further increase truckload utilization. A limited number of carriers were sourced across all lanes to improve cost and performance reliability.

With the solution designed, Armada orchestrated the event. An enhanced communication program provided all trading partners with greater visibility to the transportation calendar and weekly order quantities. Stakeholder alignment was necessary to ensure supply for all parties. Weekly adjustments were made based on promotion performance and communicated with sufficient time for the distribution centers to plan upcoming orders in compliance with the transportation calendar.

Results

With Armada acting as the channel manager for this promotion, the Restaurant Company experienced greater than 40% logistics costs reduction over traditional delivery methods, equating to a 15% COGS improvement. The combined effect of shelf life extension and orchestrated channel management reduced product loss by more than 60% over the prior year.

With an expected increase in fresh menu items to meet consumer demands, the Restaurant Company has confidence that the supply chain can deliver. More broadly, the Restaurant Company recognized that the combination of Armada's holistic vantage point, supply chain analytics, replenishment solutions and execution expertise is a powerful tool for their brand.

About Armada

Armada creates innovative, fully integrated supply chain solutions that deliver competitive advantages and improve business performance for our clients.

Armada

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