

## *Distribution Network Strategy & Outsourcing*

Profitability improved through the implementation of a cost effective distribution network for domestic and small business customers



A market leader in the manufacture and distribution of white and rock salt products required a logistics solution which would reduce costs while maintaining service levels to a key segment of the overall business – The Domestic and Commercial Businesses Customers.

### The Client

- Salt Union, the UK subsidiary of an international group of companies
- Market leader in the manufacture and distribution of white and rock salt products
- Domestic and Commercial Business revenues c.£10 million pa.

### The Objective

- To reduce overall operational costs and maximise total group profitability
- Maintain and potentially enhance the existing customer service levels
- Provide options for MBO or outsourcing of existing in-house activities, principally comprising sales order entry, accounts, warehousing and distribution

### The Solution

- Business review of current operations
- Benchmarking, product /market profitability of the current business against possible options which concluded with a clear recommendation to outsource most of the in-house activities
- Assistance in the planning and implementation of the outsourced activities, which included contract and commercial negotiation support, consolidation of sales order entry and accounting functions (retained), and the setting of pricing/service levels for the loss making customer/product groups (previously identified)

### The Client Benefit

- Overall operational costs reduced by c.10%
- Transfer of assets and personnel liabilities via the outsourced distribution arrangements
- Customer service levels improved, through consistent and shortened order to delivery lead-times
- Operational improvements secured through robust contract backed arrangements as part of the outsourcing process