Consumer Products Case Study

PROJECT OVERVIEW

clarkston CONSULTING

Optimizing Direct Store Delivery: Streamlining Distribution and Evaluating Cold Chain Investment for a Leading U.S. Distributor

The Client, the largest privately owned distributor and supplier of candy and convenience store products in the U.S., offers over 11,000 name brand items. One of their key customers sought to consolidate several Direct Store Delivery (DSD) vendors to reduce costs, streamline operations, and minimize retail disruptions by combining more deliveries into a single vehicle.

In response, the Client needed to assess multiple factors to determine the feasibility of this consolidation. Key considerations included the impact on warehouse space, the distribution network and assets, operational efficiency, labor requirements, and overall costs. Additionally, the customer was interested in evaluating whether a capital investment in establishing a cold chain was necessary to support their future needs.

Clarkston Consulting was engaged to help evaluate these considerations and provide strategic recommendations on how the Client could optimize their delivery network while meeting the customer's objectives. This project would guide the Client in making informed decisions on whether to invest in infrastructure upgrades and adjust their distribution strategy to maintain strong customer relationships.

Consumer Products Case Study

PROJECT OVERVIEW

clarkston
CONSULTING

INDUSTRY:

Consumer Products

PRODUCTS AND SERVICES:

Distributor and Supplier of Candy and Convenience Store Products

PRIMARY OBJECTIVES:

- Assess the Client's existing DSD distribution strategy and identify opportunities for consolidation;
- Identify approach and methodology for consolidation with a focus to profitability and service; and
- Create a roadmap for moving from existing model to proposed model, identifying costs and risks in the transition.

RESOLUTION:

Clarkston Consulting was engaged to identify a method and approach to assist the Client in providing their services in a profitable manner. Clarkston delivered a solution characterized by:

- Optimization solution to determine optimum distribution routes;
- Determination of fleet size, truck size, truck configuration per temperature zone, and delivery mechanisms;
- Tool to calculate DC space requirements based on demand projections by product category (deep-freeze, freeze, and chilled, and ambient);
- Detailed cost model tool to calculate cost per picking;
- Sensitivity analysis to determine solution robustness.

KEY BENEFITS:

- Multiple scenarios and sensitivity analysis provided both the Client and its customer the tools for a balanced negotiation;
- Paradigm change for the Client's customer, from cost reduction focus to total value proposition focus, which enables positive long-lasting true partnership;
- Pricing strategy based on total capital investment and suitable ROI;
- Ability to determine cost per pick based on demand projections

CONTACT US

2655 Meridian Parkway | Durham, NC 27713 | Phone: 800-652-4274 | www.clarkstonconsulting.com