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Trevor Ashworth, Director of Food Retail Supply Chain  
The Co-operative Group



# The Co-operative keeps shelves full with Manhattan Associates

## JOINING THE DOTS

The Co-operative Group is the UK’s largest mutual retailer, with 4.5 million members and an annual turnover of £14 billion. The Group’s food business, with over 3,000 stores and 78,000 employees nationwide, is the UK’s leading convenience retailer. A review of The Group’s food retail supply chain revealed that too many small depots, which were difficult to service and to administer, were handling in-bound and store deliveries. Three separate networks existed; one for ambient goods, another for temperature-controlled, and a third for frozen. Delivery zones overlapped, some distribution routes were illogical and many warehouses lacked sufficient space. The challenge was to streamline the delivery process, ideally serving each store with a single, multi-temperature lorry while improving the availability of goods in the stores.

Trevor Ashworth, director of food retail supply chain, describes the problem. “When you are dealing with small stores, it’s a disaster if the product isn’t available. You don’t have the luxury of offering the customer a range of brands when you have limited shelf space—the product is either there or it’s not. We knew that we were notching up a lot of unnecessary mileage with our deliveries and we had to find a way of fixing this problem while ensuring that product availability improved at the same time.”

## MANHATTAN SELECTED FOR ITS ABILITY TO SUPPORT FURTHER DEVELOPMENT

The Co-operative’s first move was to build a new National Distribution Centre (NDC), for slow moving ambient products, in Coventry, which instantly gave each of the regional ambient distribution centres 25% more capacity. This solved the immediate storage problem. However, it was also clear that The Co-operative’s existing warehouse management systems were not capable of supporting the further development of the network’s physical infrastructure. A project was carried out to scope a plan for the network as a whole that would include a scalable and robust warehouse management solution that would be capable of running the complex nationwide network. The models employed by many other organisations, from large supermarket chains to small convenience stores, were examined and potential productivity gains were calculated. Following an evaluation that spanned several competing solutions, The Co-operative decided to adopt Manhattan Associates’ Warehouse Management solution for Open Systems.

### The **co-operative**

**Headquarters:** Manchester, UK

**Distribution centres (currently utilising Manhattan):** Thurrock in Essex; Coventry; Nottingham; Chelston in Somerset; Thetford in Norfolk; Birtley in the North East of England; Bradford; and Talke, near Stoke

**Manhattan Associates solution:** Warehouse Management for Open Systems

### Challenge:

Three separate networks—ambient goods, temperature-controlled and frozen resulted in delivery zone overlap, illogical distribution routes and insufficient warehouse space.

### Goal:

Streamline the delivery process, ideally serving each store where appropriate with a single, multi-temperature lorry while improving in-store availability.

### Solution:

Manhattan selected based on The Co-operative’s needs for capability to support further development of the network’s physical infrastructure.

### Results:

Dramatic increase in on-shelf availability; 10% productivity improvement at every DC live with the Manhattan solution; reduced shipping errors.

## GETTING STARTED

The South-East region, which was experiencing the largest number of problems, was selected as the pilot for the new network. A Regional Distribution Centre (RDC) was built at Thurrock, Essex to serve up to 700 stores handling almost 50 million cases per year. The RDC would be operated using Manhattan's Warehouse Management solution, which integrated with Vocollect voice technology supplied by Zetes.

The Co-operative had extensive in-house expertise which enabled it to draw up the majority of the transport plan itself. For the implementation of the first warehouse management solution, consultancy services were provided by Manhattan Associates. "This was so good," says Ashworth, "that since then we've been virtually self-sufficient. We've done the last four to five implementations off our own steam."

The Thurrock centre has acted as the blueprint for all later roll-outs. Coventry and Nottingham were next in line to go live with the system, swiftly followed by Chelston in Somerset and Thetford in Norfolk. Most recently the new Birtley depot in County Durham opened. It is a 280,000 square foot warehouse and will turn over more than 500,000 cases per week using Manhattan's Warehouse Management solution and Vocollect's voice recognition technology, destined for distribution to 260 Co-operative food stores across the north of England.

In line with these environmentally aware times, the new Birtley building incorporates a number of energy efficient features, including rainwater harvesting for refrigeration and vehicle washing. In addition, office lighting is movement activated and has a daylight-dimming feature, which lowers brightness depending on the level of light during the day. The site has received an "A" rating Energy Performance Certificate from the Government.

## RESULTS

"In terms of on-shelf availability at stores, The Co-operative Supply Chain's most important measure, the South East used to be our worst-performing region—now it is our best. The key component that can explain the improvement is Manhattan Associates," says Ashworth.

As soon as the Thurrock warehouse opened, on-shelf availability improved dramatically. "A major benefit is the fall in shipping errors, which has had a significant impact on in-store availability and this, in turn, has reduced the administrative burden on staff," comments Ashworth. "One of the great things about the Manhattan Warehouse Management solution is that it has allowed us to apply the same functionality across multiple product groups with different characteristics. We can pick for any combination of products, taking into account the need for security, temperature control or location, and be confident that we are handling everything correctly." Vocollect's voice technology has improved the accuracy of the picking process and has the added benefit that that the picker does not need to speak English—the system works just as well in Polish or Urdu.



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The project's pay-back was estimated to be less than three years when it started, and Ashworth says the results are well within this target. "The productivity gains have been very impressive. So far we have seen a 10% improvement in productivity at all the sites which have gone live with the system."

## PLANS FOR THE FUTURE

The focus for the next few years will be on rolling out the system across the rest of the network.

"We are well on the road to achieving our ideal network—multi-tiered, composite and strategically located. Thanks to Manhattan Associates, we have a framework that gives us visibility and control of stock and the flexibility we need to grow," concludes Ashworth.