

TOTAL BUTLER - DELIVERING THE GOODS



Two winters ago, headlines claiming serious fuel shortages put the oil and gas industry under special public scrutiny. Mental, and some real, images abounded of shivering homeowners and hundreds of businesses grinding to a halt for want of fuel deliveries.

Addressing the potential panic, government voiced concern over just how well the industry could manage supply and services in a crisis - this at a time when the declining North Sea reserves needed careful handling. It also encouraged many in the business to look again at the efficiency of their existing operations – and not just when the mercury dropped.

Of course, a range of complex factors are now acting to promote industry change – from the rise and fall of global oil and gas supplies or the impact of climate change, to legislative and environmental requirements, business consolidation and emerging competition between different products and purchasing routes such as on-line buying.

In this challenging climate, successful businesses will be those prepared to remodel or reposition themselves in the supply chain -- maintaining an attractive value proposition through significant improvements in efficiency, customer service and risk management. In practice, however, many companies put off vital major changes because of the unknown risks to their business and customer base.

With over 160 years experience in oil products distribution, Total Butler has established an extensive network serving over 200,000 heating fuel customers through 43 depots and a 270-strong tanker fleet across the UK.

Today a division of Total UK, but for over a century an enterprising family-run business, the company recognised in recent years that substantial opportunities existed from a thorough review of its delivery procedures.

Wanting to improve efficiency from overlapping delivery boundaries and enhance route planning prompted Total Butler to undertake trial improvements which included the consolidation of some areas around a regional hub to facilitate better tracking and delivery planning.

As a result of this, the management commissioned an extensive review of delivery methods by Total Logistics - no relation! - the leading supply chain consultancy, who employed detailed modelling analysis to highlight service enhancing efficiency gains with significant potential net annual cost savings.

The Total Logistics team focused on several areas for possible change. These included the existing process for generation of delivery schedules, allocation of customers to depots, existing time delivery windows, the planned introduction of on-board computers across the delivery fleet, and the impact of rationalising the depot network.

Many techniques were employed to test Total Butler's processes, such as summer/winter transport modelling and postcode segmentation of the customer base. This created interesting modelling challenges as the distribution of customers was more rurally based with many access restrictions, compared to the more traditional patterns of population based demand patterns. Total Logistics' recommendations covered tasks including order capture, 'top-up' fill practices (automatic order generation based on forecast fuel usage), delivery allocation to depots and routing, and the processing of statistical information.



The option to reduce depot numbers suggested an obvious route to achieve economies but with it came a worrying potential impact on service performance and personnel changes. The study, however, identified better savings from a re-alignment of new depot territories and improved control over top-up deliveries. This was based on consideration of the total cost to serve customers rather than just the outbound delivery cost.

Routing offered particular challenges as each depot enjoyed practical autonomy. Wide variations in routing methods and the handling of feedback data from deliveries, pointed to benefits from regionalised route planning and guidelines for best practice throughout the network.

Total Logistics found wide variation in the delivery sizes for top-ups. New recommendations to achieve more accurate ordering aimed for a more consistent delivery size which would lead to operational savings and easier delivery planning, without affecting service levels.

Importantly, significant changes to seasonal routing practices were proposed to minimise the impact of restrictions imposed by the Working Time Directive and to maximise the available shift length during the peak winter months. Modelling was also undertaken to assess the costs and benefits of changes to service levels.

Total Logistics aimed to optimise Total Butler's delivery process by getting its staff fully involved in identifying improvements which would be practical, relevant and supported by the whole workforce. Moreover, a key benefit of the analysis for the company was to establish a detailed planning base and a total cost to serve model which would allow future changes and potential strategic opportunities to be accurately assessed.

Most of the key recommendations are now being implemented in a phased rollout across the country, in conjunction with other restructuring initiatives to ensure the Total Butler supply chain is well placed to respond to future demands from both its customers the wider business.

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About Total Logistics:

Total Logistics specialises in all aspects of supply chain and logistics consultancy, with a client base that includes Nestlé, Unilever, adidas, Coty, Tesco and Hema. Working across the complete range of supply chain and logistics operations, Total Logistics functions solely to add value and subtract costs. Activities include strategy definition through to implementation and project management; network modelling, distribution strategy, location optimisation, cost modelling and benchmarking. Total Logistics' experience covers all industry sectors and its clients comprise sector leading companies but also much smaller lesser well-known names to whom its consultancy, advice and services are equally as critical. Over 70 per cent of its revenue comes from existing clients and its greatest source of new business derives from personal recommendations. Now recognised as a leading consultancy in this field, Total Logistics has established a reputation for delivering high quality, practical and robust solutions to clients' needs.

Total Logistics has offices in the UK and the Netherlands. For further information visit: www.total-logistics.eu.com or www.total-logistics.nl.

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