

Argos case study

Business



A strategy to centralist small parts helps to maintain growth The objective Argos has seen more rapid growth than almost any other comparable I-J retailer over the last few years. Until recently its strategy for supporting the supply chain needed to maintain this growth was to build new Reds (Regional Distribution Centers). Each 3RD stocked virtually the full range and supplied Argos stores in its region. In 2000 a review of the supply chain strategy indicated that there would be benefits from the centralization of small items, which would then be picked by store order and cross-docked through the Reds.

This same central facility, it was decided Mould also be developed as the primary point for the storage and distribution of directly imported (D') lines. The objective then was to determine how big the facility should be, what equipment, systems and operational procedures should be used and Inhere it should be located. Supply Chain Networks ere way in which Argos is developing its distribution operations is a good example of how supply chain networks grow within an organization. The new facility will extend the network by introducing new delivery channels but the result will be significant cost benefits.

This important point is that Argos have understood the complexity of their supply chain network and are managing it accordingly. Many organizations simply do not recognize the multiple supply chains within their business and consequently fail to manage the network to best effect.

ere Logistics Business approach Nee provided a full design and operational development team to work alongside the Argos project team. We used our

computerized, interactive distribution centre design tool, I-flow, to model what the business might look like in five to seven years time, even a range of likely scenarios for sales growth and range expansion.

This provided AS with the essential parameters for considering what options might best suit the future needs of the business. The preferred options, which included a high level of automation, were then brought together into a specification of requirements and the project was put out to tender. The solution is a new 60,000 sqm facility is under construction on a Greenfield site in the Midlands.

Our consultants are working as part of a team comprising representatives from Argos, the MME supplier and the building contractor to manage the construction and ensure that equipment and systems are delivered, tested and commissioned to specification.

One of our consultants is acting as "The Engineer" under the terms of the MFC contract. We are also working with the operations team to help develop the methods of working and processes that will be needed to integrate the new central facility with the rest of the Argos distribution network. Successes and Be Attention to detail and use of special modeling tools have ensured that the Implications for a range of possible future scenarios were well understood before any design options were considered. Our practical experience of many DC designs