

# Supply Chain Case Study Q4

## Direct Dispatch in Supply Chain

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Welcome to Supply Chain. Touching every part of the organisation, partnering with over 75,000 suppliers, employing over 110,000 people in 190 countries, we're the backbone of the business where every decision can have a huge impact – I'm sure you'll find it an exciting place to work!

Kate Levine is a new Strategic Planning Manager who has recently joined supply chain from Marketing. She has a video conference with the Supply Chain team in Argentina later

today, who has asked for her view on the 'direct dispatch' methodology. I would like you to provide Kate with a summary of 'direct dispatch', its benefits and its risks, so that she's fully briefed for the call.

In summary, direct dispatch is an innovation used in some of our markets where products are dispatched from a producer or supplier direct to the customer, rather than via our distribution centres. There are potentially huge cost savings and efficiencies to be gained.

There have been some successes and some failures, we're continuously learning and

improving how we do things, but it may not be right for every market or brand. I've sent you some information from one of our teams who have adopted it and an article about a clothing retailer's experiences.

## Article from Supply Chain Innovator – industry publication

Pierre Laloux, Supply Chain Director with global fashion retailer Z&M talks us about introducing direct dispatch into their supply chain.

### **Why Direct Dispatch?**

*We've been experiencing insatiable consumer demand for a wider range of products for some time now. It's being fuelled by the 'shop window' of the internet, all retailers are under pressure to offer more product lines from more suppliers, whilst being careful not to increase the cost of logistics or lock up our cash in huge stock holdings.*

### **How has it been going?**

*It's been a mixed experience so far. There have been some wins such as order times falling. Our main concern has been maintaining the customer experience.*

### **How have suppliers responded?**

*Again, it's been a mixed response. Interestingly we've increased the proportion of smaller suppliers; this system means we no longer need their commitment to a huge first order. Most suppliers have been cautious but open to piloting it. It works for them because they can improve their forecasting being more directly connected to consumer demand. But they do need to have the right technology like really efficient ordering systems to reduce the risk of errors.*

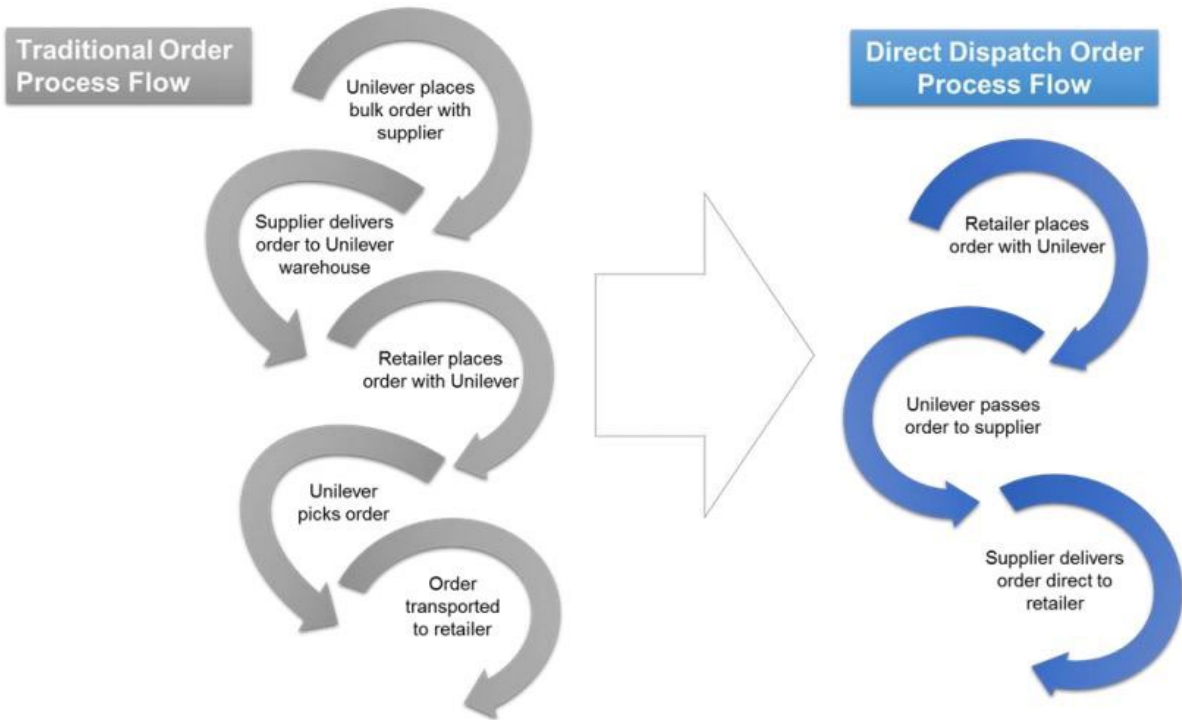
### **Consumers?**

*They like real time stock levels; it helps them decide which products to buy. The stores also obviously benefit from this too.*

### **And the future?**

*The fact that it can be used for any retail channel, I believe helps us to future proof our supply chain.*

## Direct Dispatch Methodology



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## Email

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**To:** You

**From:** Alicia Marino, Supply Chain Manager, Spain

**Subject:** Experiences of direct dispatch

Hi and welcome to Unilever

I've been asked to send you a summary of our main learning points from our experience of adopting direct dispatch with an external supplier of Sunsilk. There are two I would highlight:

**Visibility of data:** We and our retail customers need accurate data on stock levels – as if it's held in our own warehouse. We invested in integrating order management systems with the supplier's systems, and real time stock visibility systems gave everyone more confidence. A 'whiteboard' tool helped us communicate with suppliers for example by adding comments to a specific order.

**Dispatch documentation and labelling:** There were some situations where the product arrived without Unilever or Sunsilk branding or with poor labelling; our concern was damage to our brand reputation. We resolved it by giving our supplier cost effective and straightforward document and labelling production facilities. This is, however, just one example of how important quality assurance processes are when adopting a new methodology like direct dispatch.

I hope this is useful Alicia



**Alicia Marino, Supply Chain Manager, Spain**



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here