

BAKKAVÖR IMPROVES FOOD SERVICE OPERATION

Faster, Fresher and
More Flexible

OPERATIONS

Headquarters: Reykjavík, Iceland
Distribution centres: 1
Platform: Windows 2000
RF Equipment: Hand-held and
vehicle mounted LXE computers

MANHATTAN SOLUTION

Warehouse Management

BAKKAVÖR



CHALLENGE

Bakkavör was challenged by rapid market growth and a lack of coordination and integration amongst the company's systems and facilities.

SOLUTION

Manhattan's Warehouse Management solution integrated all of Bakkavör's systems and streamlined distribution centre processes.

PROGRESS & RESULT

Bakkavör achieved total visibility across the supply chain, increased customer service levels, reduced distribution centre space needs and increased productivity.

"With the Manhattan Associates Warehouse Management System, anyone can see what is happening in the business at any time, and that information is in real time."

TERRY MOORE, LOGISTICS GENERAL MANAGER
BAKKAVÖR

INCREASED VISIBILITY AND PRODUCTIVITY

at Bakkavör

A NEW WMS BECOMES A STRATEGIC IMPERATIVE

Bakkavör Group is a leading international food manufacturing company specialising in fresh prepared foods and produce. The Group operates 66 factories and employs over 20,000 people in ten countries, including the UK, Iceland, France, Belgium, Spain, South Africa, China, the Czech Republic and the United States. 88% of company revenue is generated through customers in the UK, 10% in Continental Europe and 2% in the rest of the world. Bakkavör Group makes over 6,000 products in 18 product categories, which are developed and sold predominantly under its customers' own brands.



With an ever-increasing demand for its fresh prepared food products, Bakkavör Group has seen the company achieve growth way ahead of the rest of the market. It had become essential for the company to make vast improvements to its existing supply chain

systems in order to maintain and advance its market-leading position. Combined with the challenges presented by rapid market growth was a lack of coordination and integration amongst the company's systems and facilities. Bakkavör's order processing and transactions systems were only minimally integrated with its existing warehouse management software; meaning a paper based system had to be used for orders, picking, despatching and reporting. Furthermore, with six Bakkavör food companies working from multiple factories on the same site and all feeding into seven different warehouses, the company realised the need to consolidate the number of operational facilities it had and to apply a single system for managing and fulfilling orders.

The company concluded that to consolidate its leading position in the fresh food market, where extremely short production cycles are the norm and where order accuracy and delivery promptness are sacrosanct, the implementation of a new and unified Warehouse Management system became a strategic imperative.

"It was a real challenge installing a new Warehouse Management System in a brand new distribution centre inside six weeks...and our success puts Bakkavör at the forefront of the supply chain for many years to come. Our operation runs around the clock and we rely heavily on Manhattan's immediate response and strong support team."

MANHATTAN'S SOLUTION SELECTED TO INTEGRATE SYSTEMS AND STREAMLINE DISTRIBUTION PROCESSES

Working closely with its manufacturing facilities, Bakkavör re-thought its supply chain support infrastructure and opted to centralise its fulfilment operation in a new distribution centre in Spalding, Lincolnshire. As part of this investment, Bakkavör chose Manhattan Associates to provide the warehouse management system—a decision based on Manhattan's vision of the role of a modern warehouse within the total supply chain as well as the solution's Microsoft-based architecture. As the system went live in the new distribution centre, the manual paper-based environment was replaced with a paperless Radio Frequency (RF)-driven operation, managed by Manhattan's Warehouse Management solution.

The overall project, including the design and construction of a state-of-the-art chilled facility, was completed within six months. The Manhattan solution now manages the distribution of Bakkavör's salads, soups, sauces, dips, dressings and ready meals to major stores throughout the UK and Northern Europe.



BAKKAVÖR IS UP AND RUNNING WITH WAREHOUSE MANAGEMENT IN JUST SIX WEEKS

While there had been a number of high profile projects involving supply chain collaboration between large consumer packaged goods companies and retailers, the task facing companies in the fresh food sector, like Bakkavör is more complex. Frequently there is only one day between manufacture and sell-by date, so order accuracy and rapid fulfilment are critical. Response is also important, as fresh and chilled foods are subject to a perpetual round of promotion by the major supermarkets—the manufacturer can generate more sales if promotional requests can be matched to production quickly and accurately.

BAKKAVÖR ACHIEVES VISIBILITY ACROSS THE SUPPLY CHAIN, ENHANCED CUSTOMER SERVICE LEVELS AND INCREASED PRODUCTIVITY

Bakkavör derived a number of measurable benefits through the use of Manhattan's Warehouse Management solution, including:

- Increased space and labour efficiency
- Higher levels of service to customers
- Flexibility to handle fluctuations in demand
- Excellent visibility across the supply chain

The new distribution centre requires only two-thirds of the space occupied by the same volume of products in the old warehouse. Productivity gains also come from the more efficient organisation of labour through the use of LXE MX2 hand-held and VX1 truck-mounted scanners, which are integrated with Warehouse Management to provide real-time data communications within the operation. This has led to a change in culture at Bakkavör—the information provided by the logistics team now drives the speed of the outbound operation. Bakkavör has seen a reduction in the cut-off time for completing dispatch-ready consignments from four to two hours.

Improvements in customer service have also been recorded. For one Bakkavör customer, Tesco, a 99.97% level of service has been achieved since the implementation of the new solution. Bakkavör's production is triggered by orders. As there is frequently less than a day between order and distribution, planning becomes extremely difficult. Manhattan's Warehouse Management manages the company's production requirements over a perpetual seven-day cycle and can also handle the massive peaks in demand that Bakkavör faces during the summer and the Christmas period.

Visibility has improved tremendously. Another critical requirement for any of Bakkavör's systems was the ability to manage a tightly controlled short shelf life inventory, where lot and date information must be tracked throughout the entire supply chain. The Manhattan system offers a web interface, allowing the information to be viewed from any location in real time.

