Effective inventory management in food service sector

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Chief Operating Officer

JJ Food Service Limited

An independent food wholesaler and distributor for the catering industry with a national coverage in the **UK** for **25** years. JJ Food Service has driven its growth with **innovation, flexibility** and **willingness** to adapt.

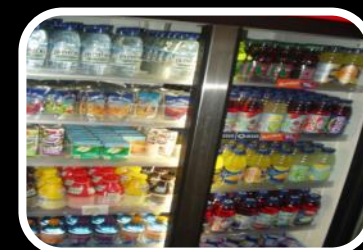**Quick Service Restaurants**

Coffee Houses

Burger Bars

Chicken Restaurants

Kebab Restaurants

Fish & Chips

Pizza Restaurants

Cafes

Retailing

News Agents

Supermarkets

Education

Nurseries

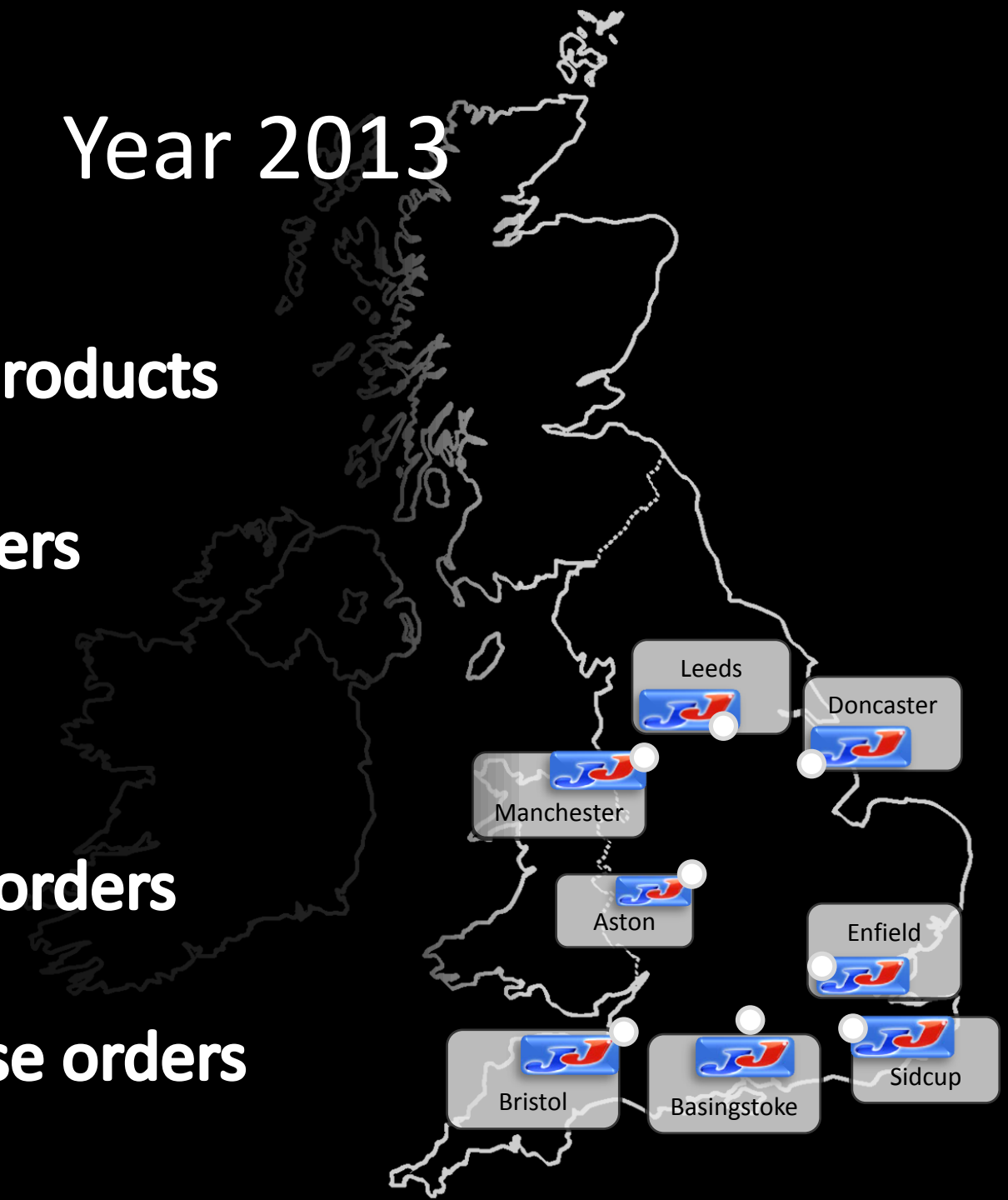Primary & Secondary

Schools

College and Universities

Year 2013
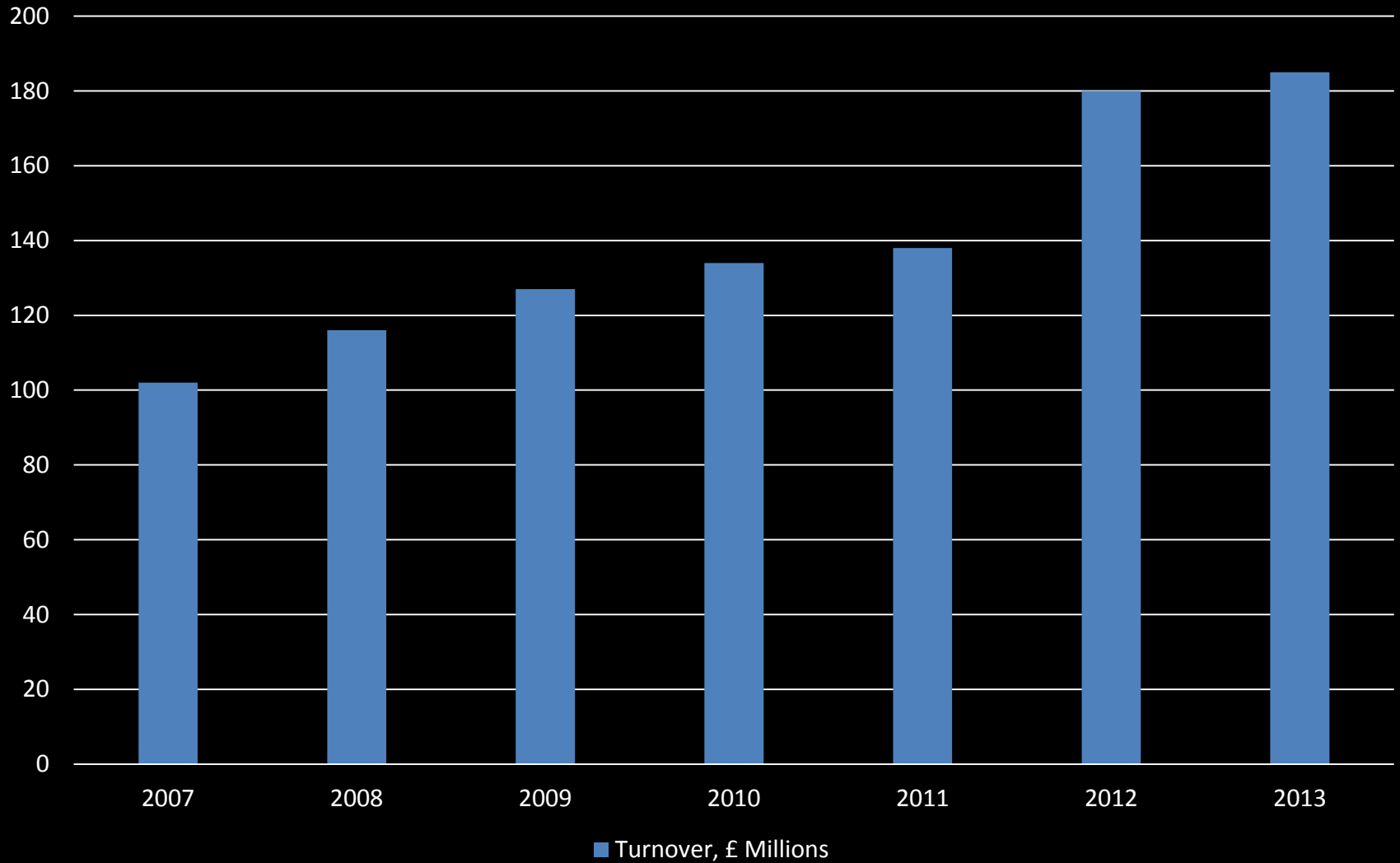
4,500 unique products

60,000 customers

500 suppliers

1 million sales orders

55,000 purchase orders

Leeds

Doncaster

Manchester

Aston

Enfield

Bristol

Basingstoke

Sidcup

Turnover, £ Millions

Turnover, £ Millions

Available to promise

"We promise to our customers in real time if we can ship a product to the required address on the date needed"

We make this promise based on many factors, a key factor being the knowledge of our suppliers lead times and delivery schedule

Available to promise

One purchase order error

One e-mail forgotten

One missed call

One late delivery

Thousands of unhappy customers

Not so long ago...

- Inadequate forecasting capability of host ERP
- Hundreds of excel sheets
- No central repository for suppliers' delivery rules
- Manual PO optimisation
- Special customers' requirements (i.e. Public sector)
- No promotions or seasonality management tools
- No control over sales Vs waste for fresh produce
- Poor visibility of slow moving items
- Extremely long training period for new buyers

Not so long ago...
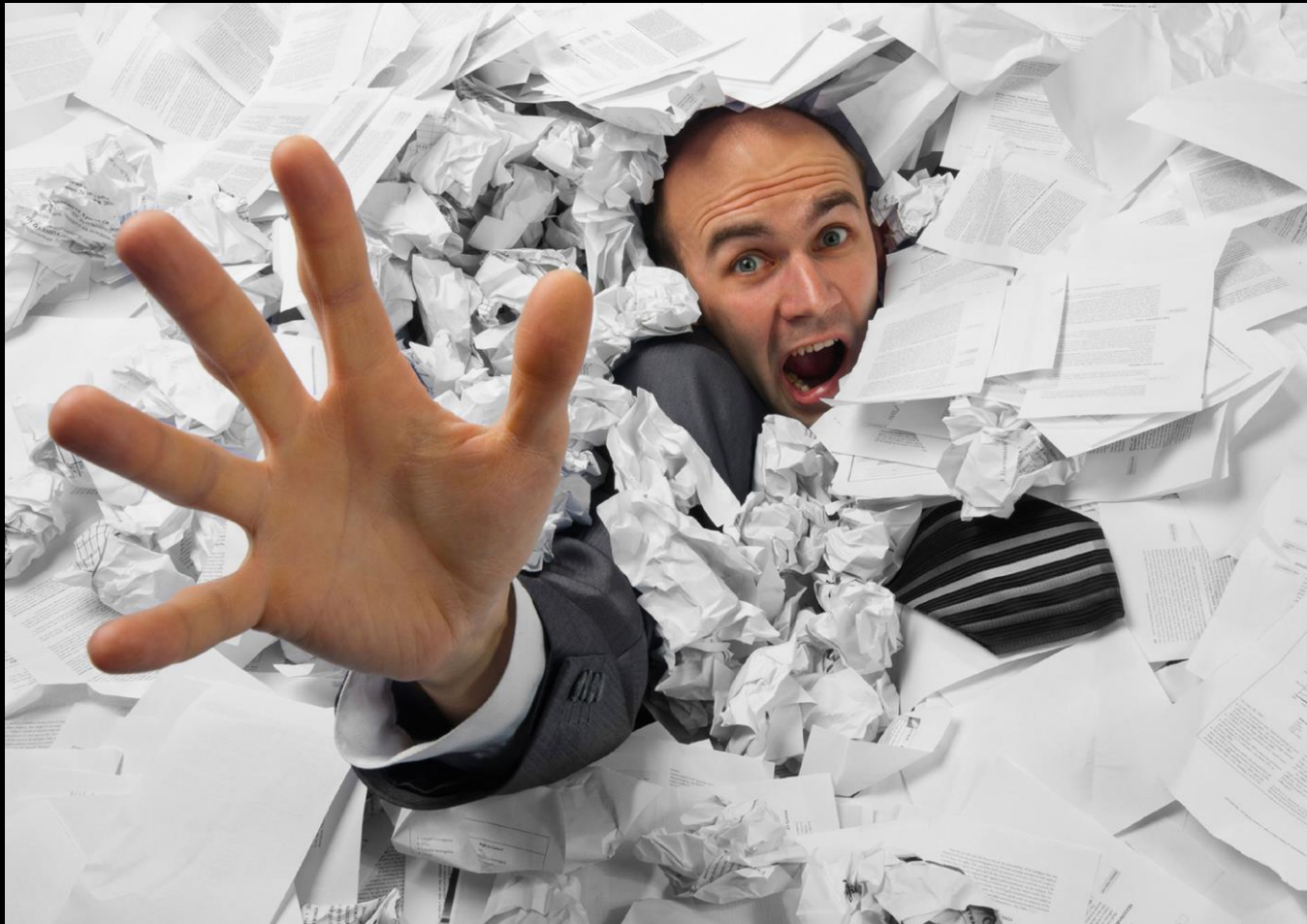
Why change – our shopping list

Increase automation

- Free up valuable resources
- Keep all the delivery parameters in the system
- Manage suppliers' complex delivery rules

Better forecasting & replenishment

- Intelligent forecasting for seasonal items
- Keep track of various promotions and forecast accordingly
- Reduce wastage/ shortage of short shelf life products

Manage special situations

- Holiday management
- Menu cycle management in the education sector

The RELEX approach

Specification of "as is" and "to be" -states

Securing functionality and benefits in real life

Proceeding to continuous utilisation

Phase 1:
RELEX X-Ray,
process analysis

Phase 2:
Real-life
piloting

Phase 3:
Production
roll-out
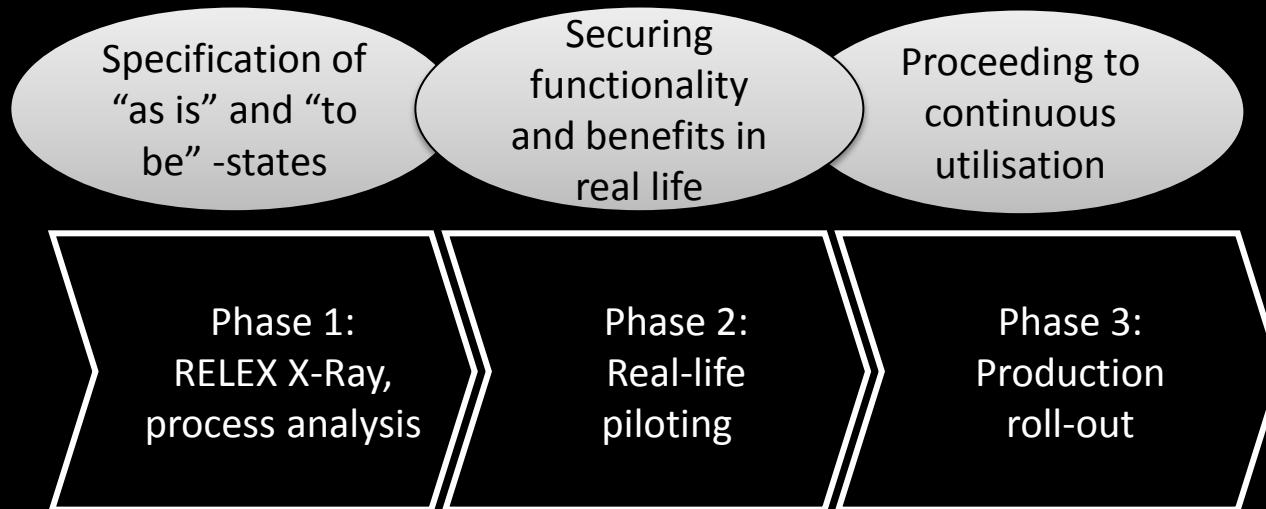
April:
Data
analysis

May:
Implementation
kick-off

July:
Start of pilot

September:
Go-live

Today...

Increase automation

- Free up valuable resources
- Keep all the delivery parameters in the system
- Manage suppliers' complex delivery rules

- Inventory parameters are automatically optimised and adjusted according to targets

- Orders are automatically filled to meet the restrictions – full pallets, lorries, etc.

Efficient review of orders

Today…

**Better forecasting & replenishment**
- Intelligent forecasting for seasonal items
- Keep track of various promotions and forecast accordingly
- Reduce wastage/ shortage of short shelf life products

- Seasonal patterns are automatically tracked from sales history

- Promotions are forecasted automatically based on previous promotions

- Fresh items are managed carefully taking into account shelf lives and category characteristics

Automatic campaign forecasting
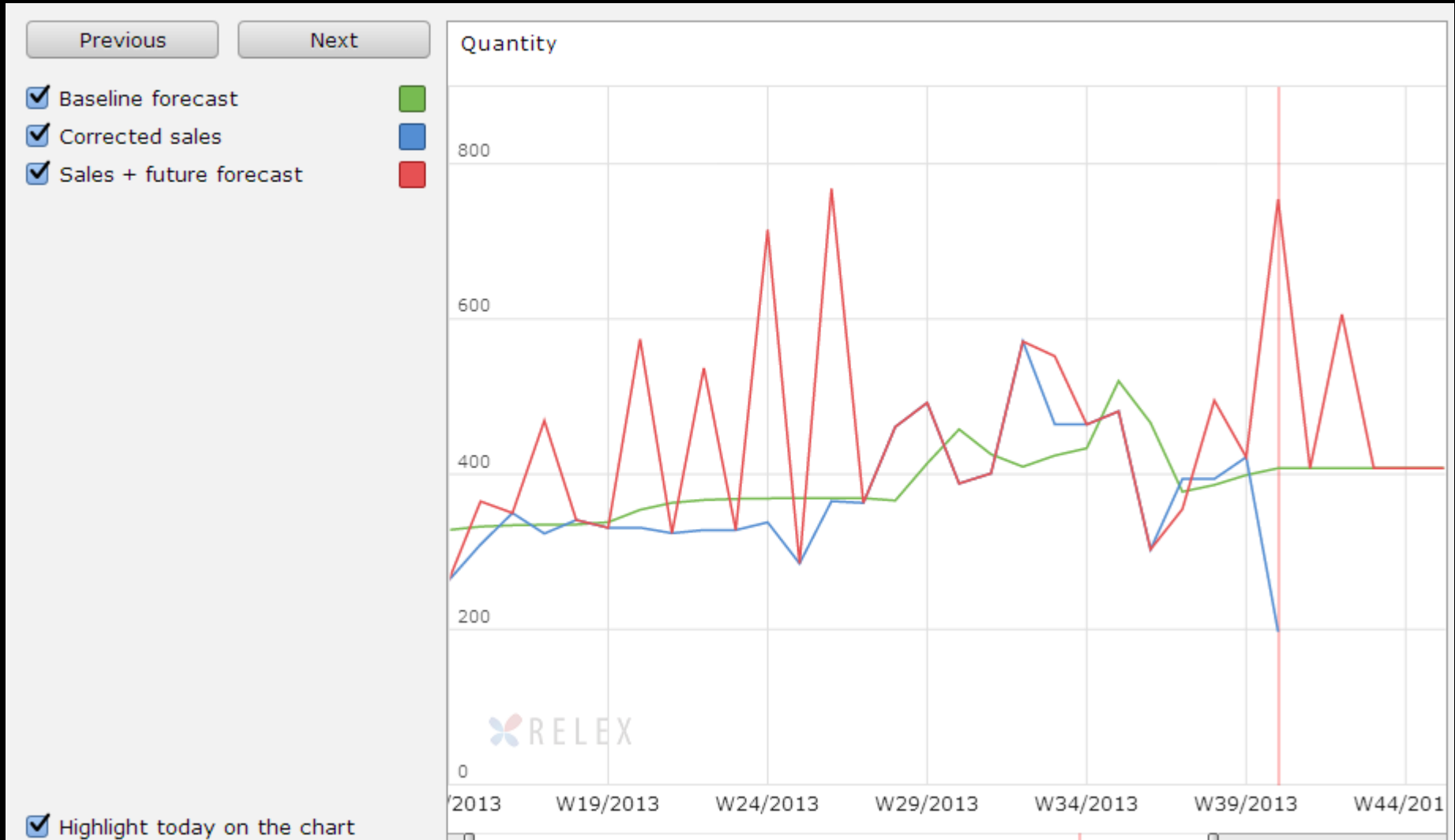
Managing fresh items
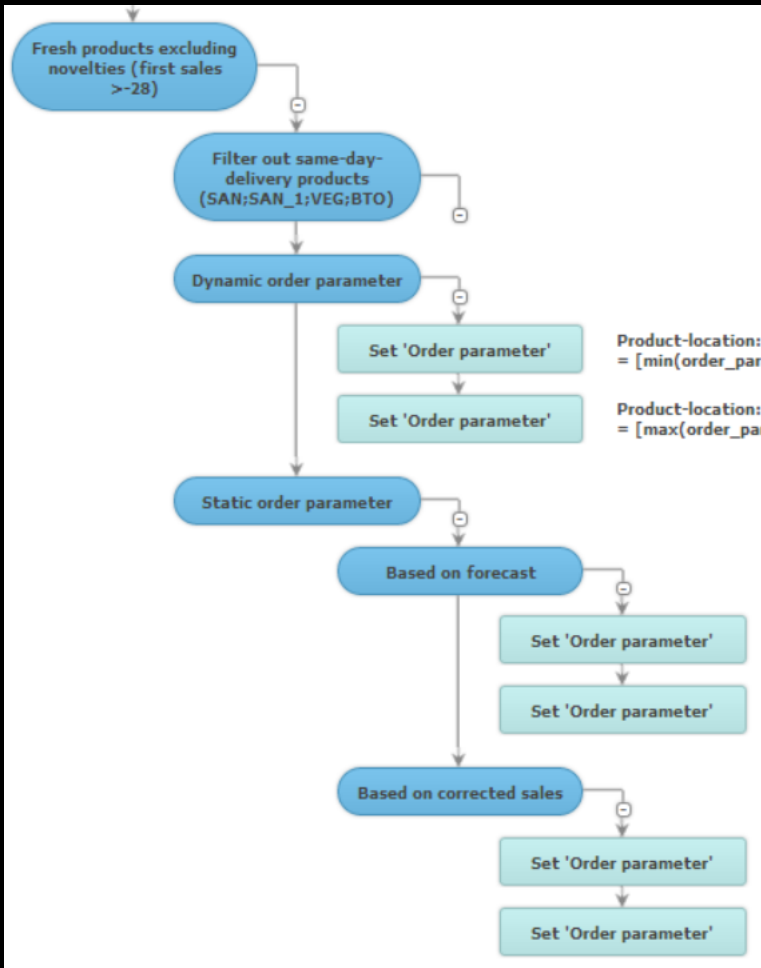
- Replenishment for fresh items takes into account product shelf lives and product group characteristics
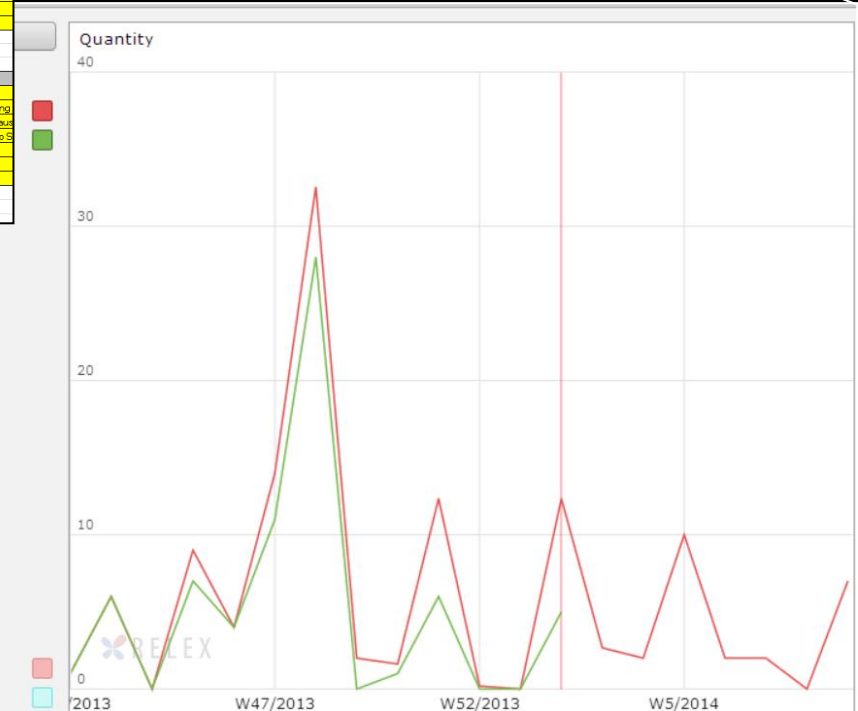
Today…

Manage special situations
- Holiday management
- Menu cycle management in the education sector

- Bank holidays are automatically taken care of in forecasting and ordering

- Menu cycle information and estimated quantities are entered into the system and replenishment orders then calculated automatically

School menu items

Key technical advantages

- Extremely powerful database engine

- Software as a service

- Simple data interchange mechanism between host ERP/WMS and RELEX systems

- Web-based interface

- User specific data access

- Extremely short learning curve

Achievements so far..

50% reduction in **order processing time**

10pp average increase in availability in **slow moving items** range

15% reduction in **overall inventory range** for non-performing items
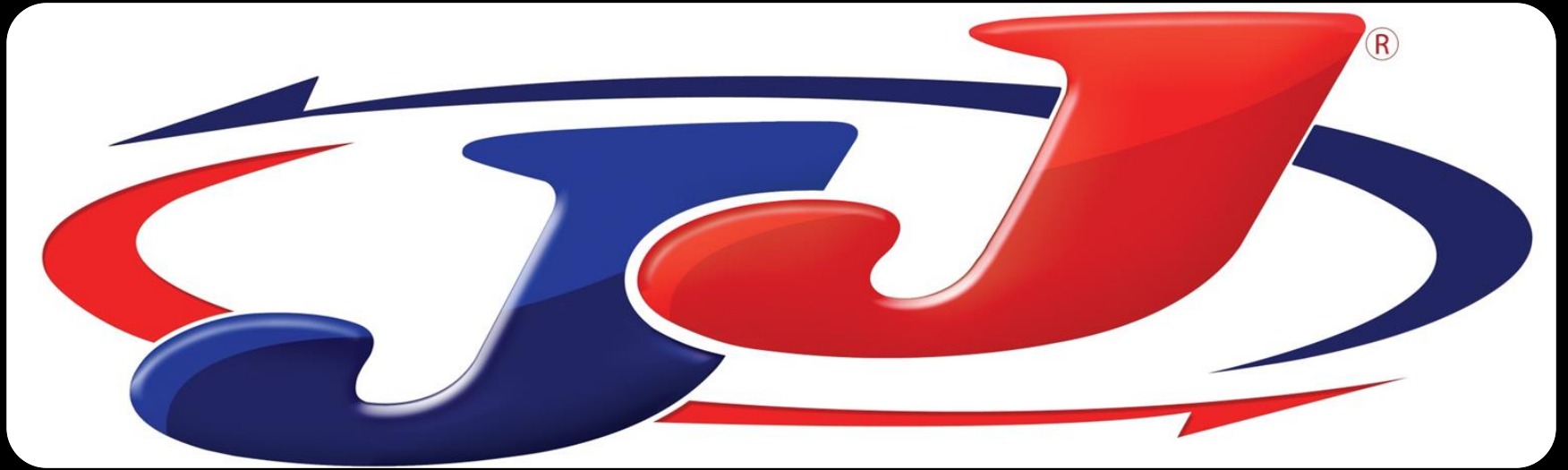
15% reduction in **on hand inventory** level

10pp Increase in availability for **fresh items**, without any inventory increase

Future plans

- Taking the next step: Not only optimising replenishment according to given rules, but assessing the rules and changing them together with suppliers

- Towards real-time: Updating data within the day, not only overnight, and running several replenishment runs during the day

- RELEX on mobile devices

www.jjfoodservice.com