

Effective inventory management in food service sector

Mushtaque Ahmed
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

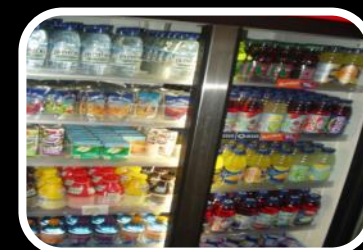
Chicken Restaurants

Kebab Restaurants

Fish & Chips

Pizza Restaurants

Cafes



Retailing

News Agents

Supermarkets



Education

Nurseries

Primary & Secondary

Schools

College and Universities



Year 2013

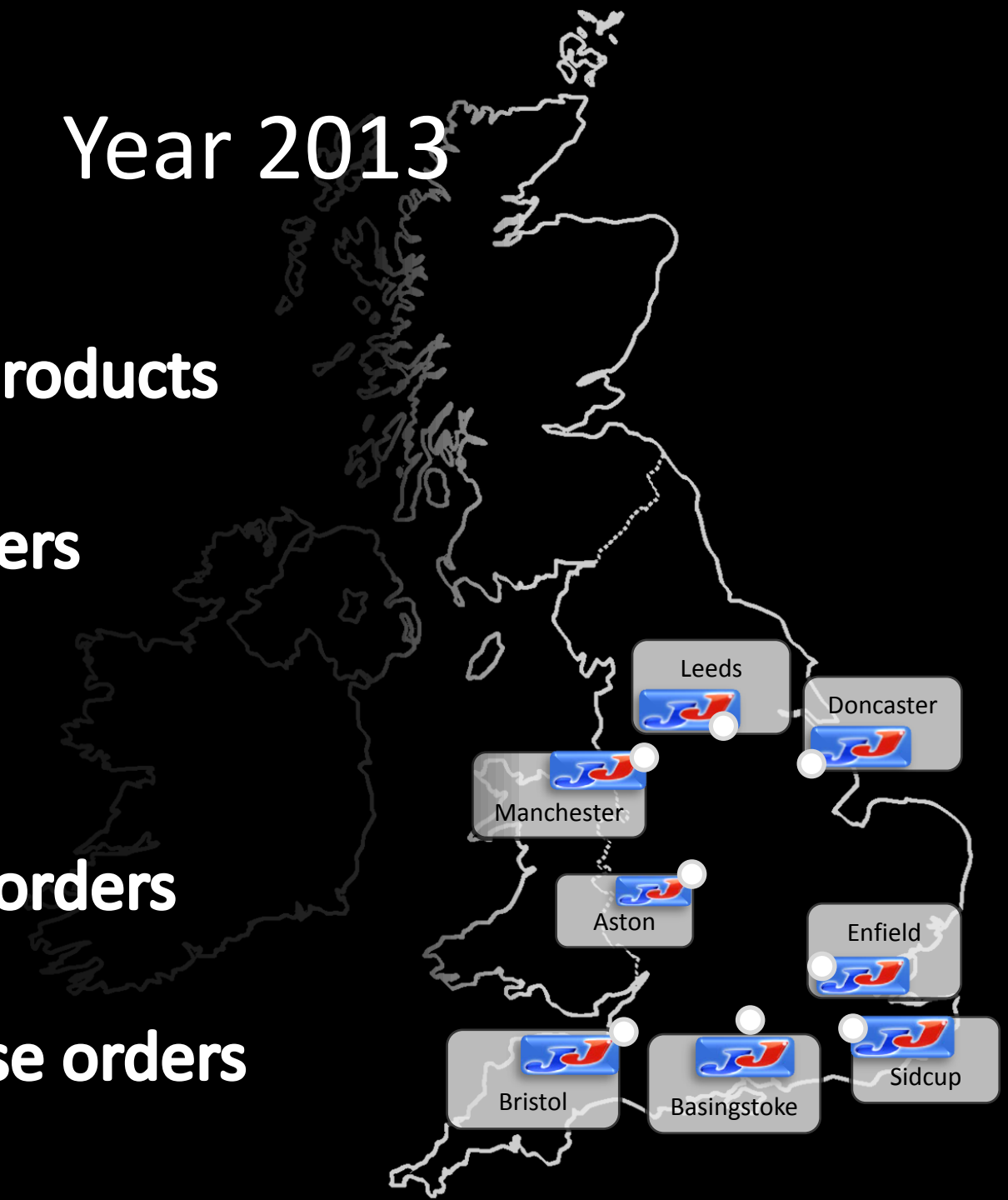
4,500 unique products

60,000 customers

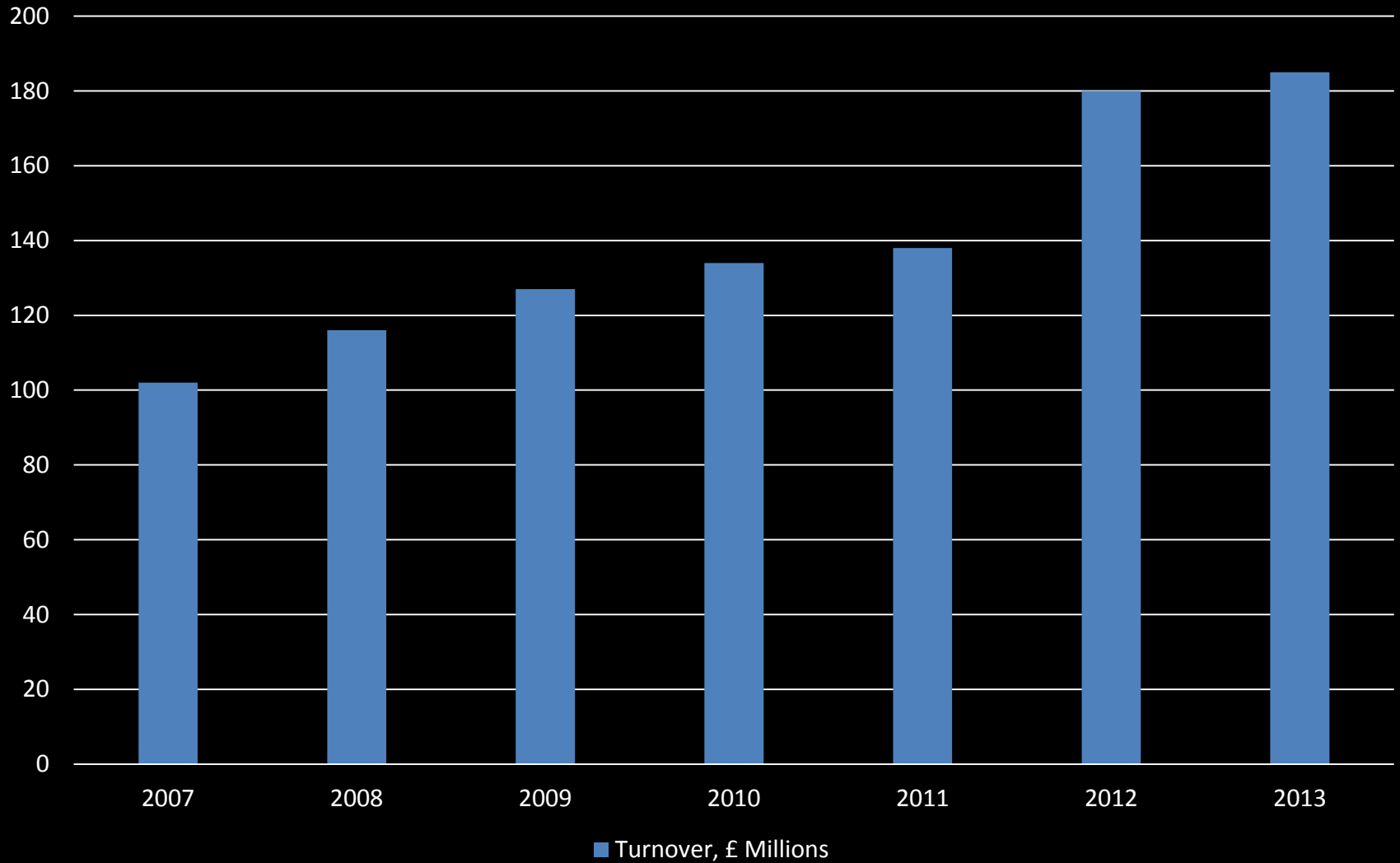
500 suppliers

1 million sales orders

55,000 purchase orders



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

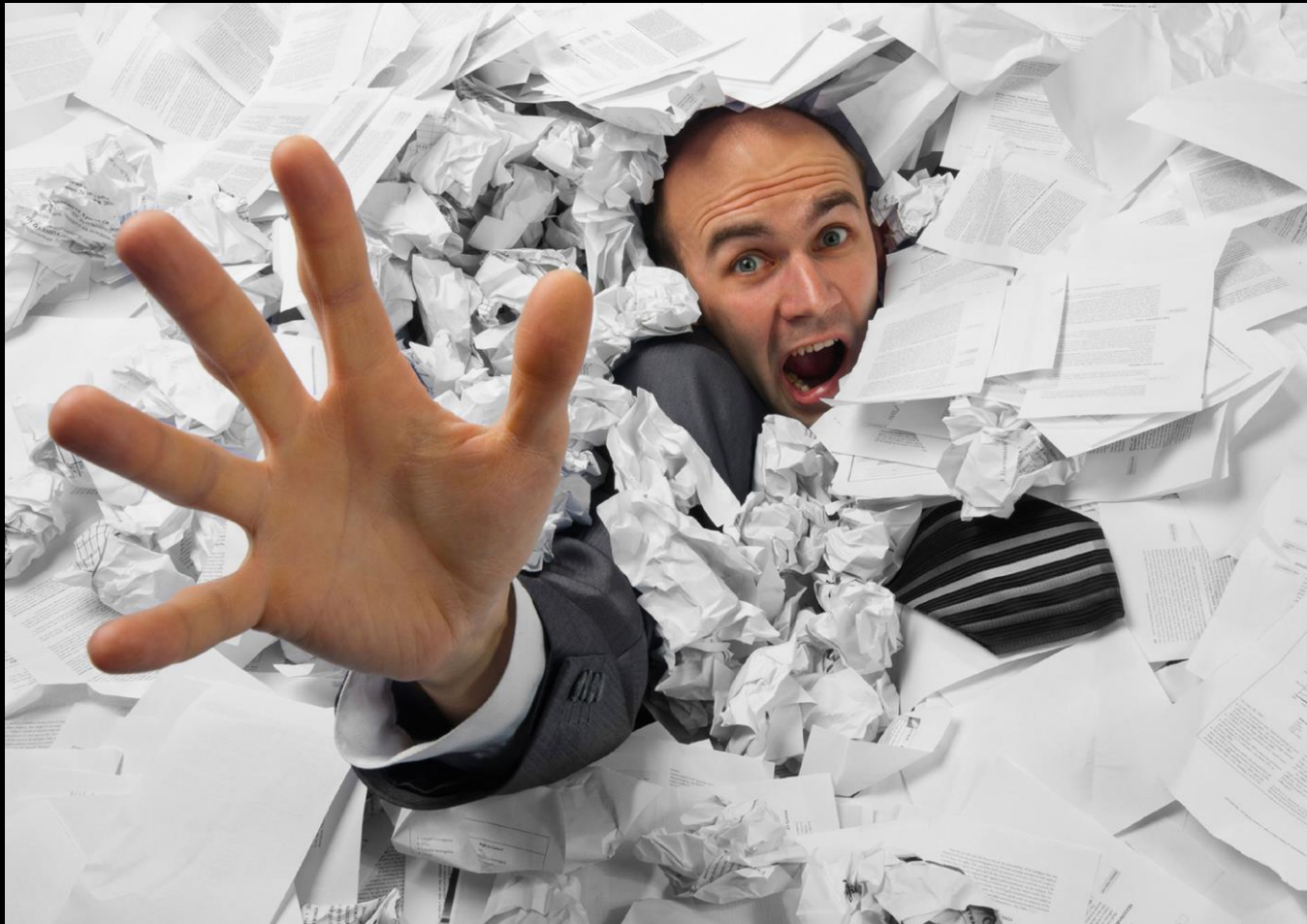
One late delivery

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

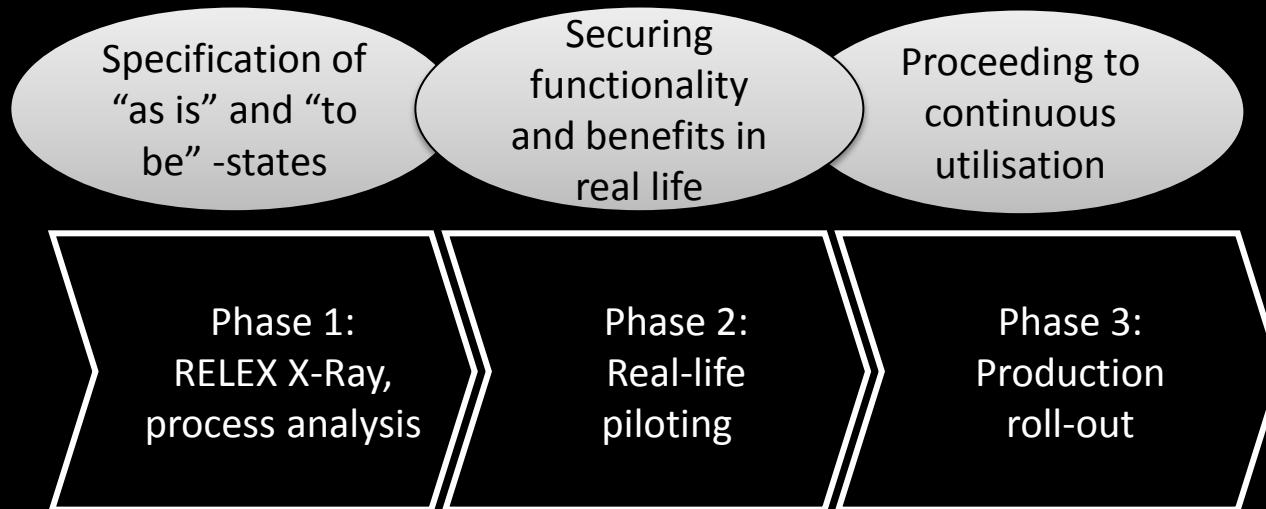
Better forecasting & replenishment

- 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



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

View Details: Today's Purchase Order Lines tommi.

Product: bu... Supplier code= Location co... = Product code = Date = 0

Search Results (6321 rows, 22/08/2013 - 03/10/2013) Chart Action

Item No	Item Name	▲ War...	▲ Main Sup...	A...	Buyer	▼ Re...	Pro. Qty	Cor. Qty	Del. Date
Total						54,558.0	57,098.00	12,500.00	
BUN008 / DN-MW	BUN008	Kara 5" Seeded Burger Buns-1x48	DN-MW	V000001	KUB	120.00	130.00		09/10/2013
BAK081 / DN-MW	BAK081	Letsdough 5" Sandwich Floured Baps-48x86g	DN-MW	V000001	KUB	100.00	110.00		09/10/2013
BAK053 / DN-MW	BAK053	Kara 5" Sandwich Floured Baps-48x86g	DN-MW	V000001	KUB	30.00	30.00		09/10/2013
PIZ047 / DN-MW	PIZ047	Kara 12" Large Thin Crust Doughballs-1x30	DN-MW	V000001	KUB	12.00	12.00		09/10/2013
BAK076 / DN-MW	BAK076	Kara Jumbo 7.5" Hot Dog Rolls (Side Sliced)-6x8	DN-MW	V000001	KUB	8.00	8.00		09/10/2013
BAK185 / DN-MW	BAK185	JJ Part Baked Panini-(26cm)-40x125g	DN-MW	V000001	KUB	0.00	7.00	0.00	09/10/2013
BAK046 / DN-MW	BAK046	Kara 4" Tea Cakes-1x48							
BAK079 / DN-MW	BAK079	Small Hot Dog Rolls-4x12							
PIZ046 / DN-MW	PIZ046	Kara 9" Medium Thin Crust Doughballs-1x60							
MUF037 / DN-MW	MUF037	Kara English Breakfast Muffins-1x48							
BAK246 / DN-MW	BAK246	Kara 4" Sandwich Floured Baps-48x50g							
PIZ049 / DN-MW	PIZ049	Kara 12" Large Deep Crust Doughballs-1x20							
BUN006 / DN-MW	BUN006	Kara 4.5" Seeded Burger Buns-1x48							
BAK119 / DN-MW	BAK119	Kara 5" Tea Cakes (Spiced)-1x48							
BUN001 / DN-MW	BUN001	Kara 4" Seeded Burger Buns-1x48							
BAK187 / DN-MW	BAK187	JJ Fully Baked Demi Baguette(27cm)-40x130g							
BAK186 / DN-MW	BAK186	JJ Part Baked Demi Baguette-(27cm)-40x130g							
PIZ054 / DN-MW	PIZ054	Kara 9" Medium Deep Crust Doughballs-1x40							
DOU028 / DN-MW	DOU028	Kara Sugared Ring Doughnuts-60x62g							
BUN001 / EN-MW	BUN001	Kara 4" Seeded Burger Buns-1x48							

Order proposals

Ordering need 120.00

Proposed quantity 130.00

Corrected quantity

Purchase price £ 4.27

Order proposal (value) £ 555.10

Delivery date 09/10/2013

Supplier name FLETCHERS BAKERIES LTD

Balance and order information

End balance 346.00

Open purchase orders 180.00

Average sales 49.74

Forecasted supply (...) 13

JJ Sales orders quan... 57.00

Order parameters

Order parameter 151.44

Order parameter unit Qty

Order batch size 10.00

Min. delivery

Pallet size 60.00

BUN008 / DN-MW (Kara 5" Seeded Burger Buns-1x48 / Doncaster Main Warehouse)

Sales quantity — Forecast — Today

Quantity

Sales quantity — Last week: Sales quantity — Penultimate week: Sales quantity — Today

Quantity

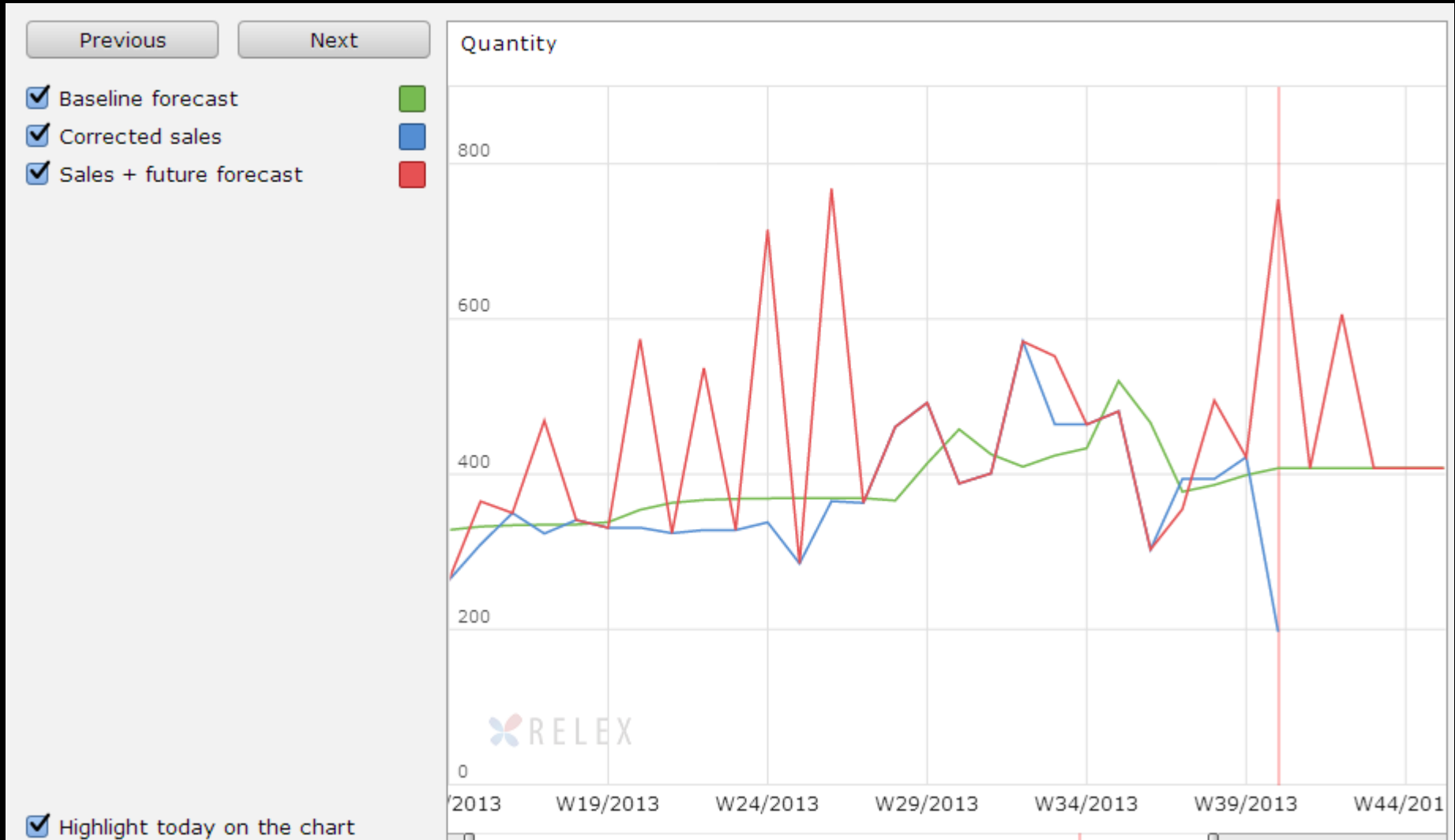
Today...

Better forecasting & replenishment

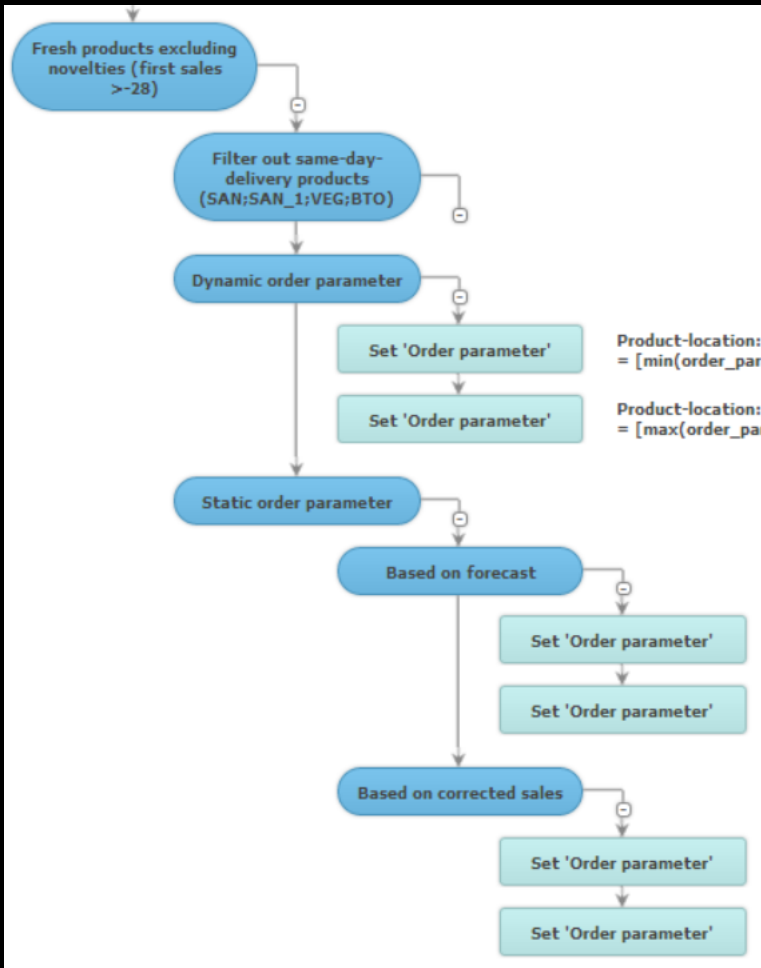
- Intelligent forecasting for seasonal items
- Keep track of various promotions and forecast accordingly
- Reduce wastage/ shortage of short shelf life products

- 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...

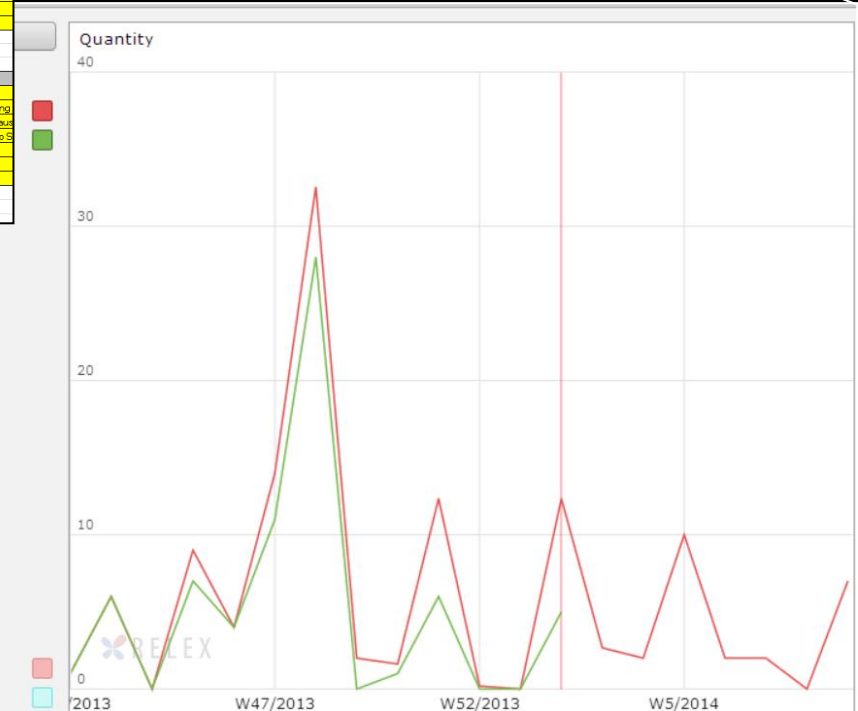
Manage special situations

- 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

Leeds Menu BreakDown April - July 2013			
Week Commencing - 15th April, 6th May, 3rd June, 24th June, 15th July 2013			
MON	TUE	WED	THUR
PO905 - Pork Meatballs	ME A24 - Minced Beef	CH284 - Chargrilled Chicken Breast	TUR039TUR041 - Sliced T
FIS407 - Vinger Infused Goujon	POT106 - Herby Potatos (NEW)	BAK059 or BAK214 - Tortilla Wrap	TBC - Yorkshire Pudding
VEG618 - Linda McCartney Vegemince	VEG619 - Mediteranean Crunchies or VEG617 Vegetable Nuggets (NEW)	PI202 - Pizza Base	VEG616 - Vegetarian Saus
PO9028 - Sliced Pork	CH284 - Chargrilled Chicken Breast	HAM012 - Shaved Ham	POT073 - Simply Potato S
POT079 - Potato Wedges	BAK246 - 4" Bap	BRE074 or BRE076 - Sliced Bread	BRE074 or BRE076 - Slice
VEG196 - Broccoli	POT079 - Potato Wedes	VEG324 - Potatoullie mix	VEG497 - Peas
VEG504 - Carrots	VEG505 - Sweetcorn	SNA196 - Choc n Orange Cookie	VEG507 - Cauliflower
	VEG497 - Choice Peas		PAS018 - Puff Pastry
	VEG504 - Carrots		
Week Commencing - 22nd April, 13th May, 10 June, 1st July, 22 July 2013			
MON	TUE	WED	THUR
TBC - Chicken Goujons (NEW)	ME A24 - Minced Beef	ME A24 or ME A25 - Mince beef or Minced Lamb	PO9028 - Sliced Pork
BAK246 - 4" Bap	BAK217 - Chapati (NEW)	HAM012 - Shaved Ham	TBC - Yorkshire Pudding
POT074 - Simply Diced Potato	FIS390 - Fish Finger	VEG217 - Vegetable County Bake (NEW)	VEG618 - Vege Catering M
VEG614 - Meat Free Vege Mince Burger (NEW)	VEG616 - Vege Mince	POT096 - Poast Potatos	PI210 - Tuna
CH283 - Tikka Breast Chicken	POT079 - Potato Wedges	CH284 - Chargrilled Chicken Breast	POT073 - Simply Potato S
PI210 - Tuna	HAM012 - Shaved Ham	VEG505 - Sweetcorn	VEG283 - Cabbage
VEG505 - Sweetcorn	VEG196 - Broccoli	VEG503 - Sliced Beans	VEG497 - Peas
ICE056 - Ice Cream Sponge Roll	VEG504 - Carrots		VEG504 - Carrots
Week Commencing - 29th April, 20th May, 17th June, 8th July 2013			
MON	TUE	WED	THUR
SG5086 - 16's Sausages	CH279 - Hand Shreeded Chicken	BUR039 - Turkey Burger (NEW)	ME A157 - Sliced Beef
CH284 - Chargrilled Chicken Breast	FIS203 - Salmon Filtes	BAK246 - 4" Bap	TBC - Yorkshire Pudding
BAK059 or BAK214 - Tortilla Wrap	PI210 - Tuna	VEG616 - Vegetable Finger	VEG616 - Vegetarian Saus
VEG504 - Roasted Veg Plat (NEW)	POT079 - Potato Wedges	VEG618 - Vege Catering Mince	POT073 - Simply Potato S
VEG505 - SweetCorn	VEG505 - Sweetcorn	HAM012 - Shaved Ham	VEG219 - Diced Swede
VEG283 - Cabbage	VEG497 - Peas	POT079 - Potato Wedges	VEG606 - Carrots
	VEG507 - Cauliflower	VEG497 - Peas	PAS018 - Puff Pastry
	TBC - Chocolate Ice Cream (NEW)	VEG504 - Carrots	
		VEG495 - Green Beans	



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%

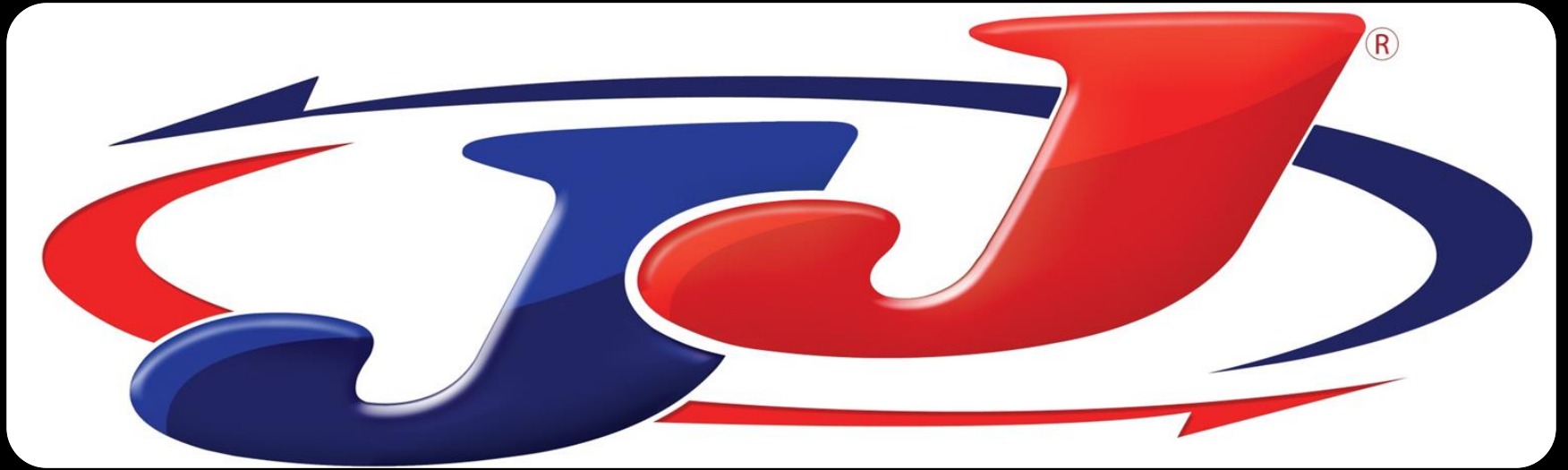
reduction in **on hand inventory** level

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