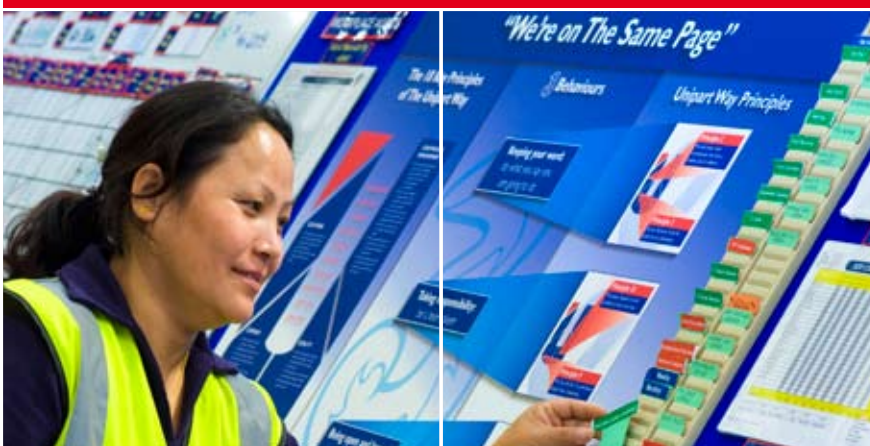




Partnership pays off with savings for 3



Mobile phone company 3 has rung the changes since it started operations in 2003, but one factor that has remained constant throughout that time is its close partnership with Unipart Logistics.

The company, which has the largest network in the UK, concentrates on a business model based around service contracts, mobile broadband, sophisticated phones and a network of some 300 stores.

3 relies on Unipart Logistics to manage its inventory of handsets and accessories and to distribute them to the company's stores, agents and individuals throughout the UK. To do this effectively both partners have to be light on their feet to ensure that new phone models, launched every one or two weeks, reach outlets and individuals ahead of their rivals.

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to circumvent the established business rules at short notice and adopt a fast track for product introduction."

Unipart Logistics not only provides distribution management but a number of value added services including testing, sales order processing, logistics forecasting, account management and contact centre services.

Some ten per cent of inbound units from mobile phone manufacturers can be examined on arrival at Unipart

Logistics' warehouse to ensure they power up and that they have been loaded with the right software. As a result, vigilant Unipart Logistics testers were able to detect a significant software issue that, had it gone unnoticed could have caused the handset manufacturer some embarrassment.

Security is a top priority as handsets can be worth over £160 each. Every device is tracked by means of its International Mobility Equipment Identity (IMEI) number and visitors to Unipart Logistics' facility must provide the IMEI for their own phones to avoid confusion.



■ Industry Sector

Mobile phones

■ Issue

Need to make savings and maintain an agile service to agents and stores.

■ Solution

Move to single shift working, close the warehouse facility two hours earlier and cut storage space by 10,000 sq ft.

■ Benefits

Continuous improvement, fast product launches and savings of some £600,000.





In response to demand, items are kitted and paired. Close study of picking and packing techniques has cut the time it takes to process orders considerably. Quality control staff open a proportion of packages as they leave the distribution centre to check that they have been correctly assembled.

Dedicated customer services staff field enquiries from 3 stores and dealer channels, managing their orders and setting stock levels for each channel using phone, online and electronic data interchange (EDI) communications.

Customer services have also been called on to provide more conventional call centre operations. When floods affected 3's Indian call centres, overflow calls were handled by Unipart Logistics in the UK until the facilities could get back to full working order.

Unipart Logistics also takes part in longer term planning and forecasting, helping 3's sales teams and marketing department to work out the resources that will be required to meet the volumes envisaged for each new product launch.

It is a measure of how closely the companies work together that 3 not only shares critical business information with Unipart Logistics directly from its databases, but has also made changes to order processes in its own stores to improve distribution. For example, by reducing the number of small orders that stores make.

Continuous improvement is an important element of the Unipart Way, a philosophy underpinned by a set of tools and techniques for ensuring the leanest operations possible. It has affected the 3 contract in many ways. For example, smarter ordering has enabled Unipart Logistics to reduce the number of stock days it holds.

"A year ago 8,000 unit replenishments would have been a big deal now we can get up to 33,000 units," says Lawrence Millier, Unipart Logistics General Manager of the 3 partnership. "The fact we can cope with that is down to predicting what they will need and getting it ready ahead of time." (This is now up to 50,000 units).

The quest to eliminate waste affects every aspect of the contract from the frequency of management reports to the cost of delivering a handset. But the biggest improvement has come from a recent radical reorganisation of both work patterns and of the storage and processing areas devoted to 3 products.

By moving to single shift working, 3 and Unipart Logistics were able to cut operation times and close the warehouse facility two hours earlier. The two companies also cut processing space by

10,000 sq ft.

"Unipart Logistics is particularly good at coming up with improvement ideas," acknowledges Simon Harding, Head of Forward Logistics at 3. "The shift restructuring and a reduction in the aisle space we occupy recently led to savings of £600,000 per year.

"When I was first exposed to the Unipart Way I was frankly sceptical," Harding concludes. "However what I like is that there is ownership right down to the shop floor: the Unipart Way means workers are part and parcel of their own productivity. And if something does go wrong there are quality circles to help find solutions."

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