

Habitat builds a profitable partnership



habitat

■ Industry Sector

Furnishings and home accessories

■ Issue

Habitat needed to improve performance at its warehouse in the expectation of tougher trading conditions

■ Solution

Appoint Unipart Logistics to make savings and improve the service that Habitat offers its stores

■ Benefits

Efficiency gains across the board: updated facility, fewer errors and an improved health and safety record.

When furnishings and home accessories company Habitat decided it was time to give its Oxford distribution centre a makeover, the company called in Unipart Logistics to oversee the refurbishment.

Habitat needed to improve performance at its 20-year-old warehouse in the market town of Wallingford in expectation of tougher trading conditions. The company's association with the area dates back to the early sixties when founder and style guru Sir Terence Conran set up Habitat's first factory there.

“Habitat was determined... to make savings and improve the service that it offered the company's 38 stores in the UK.

Unipart Logistics was appointed after a competitive round of tenders that involved some of the biggest names in third party logistics. Habitat was determined not only to update the site, which has 30 aisles and holds 18,000 stock items, but also to make savings and improve the service that it offered the company's 38 stores in the UK.

“We wanted to move the business forward and to do that we needed to change our operation,” says Peter Benton, UK Logistics Manager for Habitat. “We were looking for

someone to work with us and share liability. We were also conscious that we wanted a partnership and that if we worked with an organisation that was too large it would be difficult to establish a relationship that would meet our business model”

Also operating in Unipart Logistics' favour was the fact that the company's headquarters and national distribution centre is 14 miles away at Cowley, opening up the possibility of redeploying staff between sites and enabling Habitat to more readily access training facilities and the services at the Unipart Logistics 'Teaching DC'.

Unipart began work at Wallingford in February 2008 on a fixed fee contract that involved cutting costs at the distribution centre by 5 per cent each year, specified in a detailed 20 point schedule covering responsibilities, key performance indicators and the timings of regular reviews.

Habitat maintained that the previous 3PL transferred the employment contracts of the 93 people working at Wallingford to Unipart Logistics. This was a big step as the Habitat Brand has historical links with the town and





many of its workers had been with the warehouse operation for twenty years or more. "The people side is very important," stresses Nigel Price, Unipart Logistics Operations Manager for Habitat. "You cannot underestimate the impact that change is going to have on people."

Nigel Price points out with some pride that although the number of people at Wallingford has fallen by some 10 per cent, there have been no compulsory redundancies. Savings have also come through improving productivity, negotiating bulk discounts on items such as oil, paper and pallets, as well as reorganising the routes taken by Habitat's delivery vehicles.

The Unipart Logistics systematic approach has resulted in efficiency gains across the board. For example, tighter reporting procedures covering errors in the documentation, packaging and delivery of inbound goods have cut mistakes by two thirds. Similarly, a rigorous health and safety plan has reduced the number of accidents subject to statutory reporting.

A central element in the Unipart Logistics strategy was the introduction of the Unipart Way, a philosophy and way of working, underpinned by a set of tools and techniques pioneered in the motor industry and aimed at cutting out waste and ensuring continuous improvements in performance.

"The Unipart Way is a different approach to that taken by many companies. It raises the profile and awareness of staff on site. It is a way of getting people to buy into directing their own work practices," says Benton. "As a result there is a different atmosphere here and I can see people have developed and taken on more responsibility."

The Unipart Way, which is used in

all the company's operations, involves setting clear targets for warehouse teams and keeping detailed records of their performance. The results are displayed on highly visible notice boards in areas on the warehouse floor where workers also gather for regular briefings.

Displays in these communication cells highlight problems that prevent teams from reaching their targets and track efforts to resolve them. Once one problem is dealt with, the focus shifts to the next most important and so on, ensuring continuous improvement.

Warehouse staff also take part in quality circles, known as 'Our Contribution Counts' or OCC circles, designed to identify bottlenecks and come up with solutions. Ideas that have come out of the circles at Wallingford include a suggestion to improve safety

by marking the places in the building where accidents have happened and a more efficient way of carrying out the annual stock take in the facility so that work is only suspended for one day rather than two.

In addition to managing the operation of Wallingford, Habitat also gave Unipart Logistics the

responsibility of organising updates to the site. The first year saw a number of major improvements.

One of the most significant was repairs to the racking in the warehouse, which involved moving pallets as many as three times to accommodate the work. At the same time, Habitat rewired the building and installed brighter lighting. The company also took the decision to replace its fleet of diesel forklifts with electric models which created a cleaner environment.

"Unipart has delivered what they promised," concludes Benton. "What we set out to do has been achieved through fresh thinking, modern techniques and an effective partnership."

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