

Project Profile

Pets at Home

AT A GLANCE

Customer:
Pets at Home

Industry:
Retail

Project:
Logistics Infrastructure Plan

Services provided:
Warehousing & Distribution



Pets at Home is an award-winning specialist 'Pet-Care Retailer' operating throughout the U.K. and Northern Ireland. The company, which started trading in 1991, has grown to become the leading retailer of its type in the U.K. and the third largest in the world.

Operating from 220 stores in 'edge of town' locations, the annual turnover now exceeds £350 million, with strong like for like sales growth in addition to a continuing store-opening programme.

Pets at Home has a great sense of where its going both as a retailer and from the point of view of its supply chain. Having that sense of direction is vital as a base for making all those small day to day decisions. We've all see those operations where you think to yourself "why did they do it like that?"

Usually its because a series of minor decisions have been made which, when considered on their own are quite logical, but when looked at as a whole have taken developments in the wrong direction. Pets at Home did not want to fall into that trap and so commissioned THE LOGISTICS BUSINESS to come up with a development road map for distribution. In addition the business as a whole wanted to be clear about future investment requirements in distribution.

The stores are serviced by a National Distribution Centre (NDC) at Stoke on Trent, which was opened in 2003. The original 200,000 sqft building was extended by 100,000 sqft in 2006 as a result of strong growth and following a review by THE LOGISTICS BUSINESS.



In 2008, following further considerable growth, Pets at Home engaged THE LOGISTICS BUSINESS once more. The requirement was to identify the point at which the business will exceed the capacity of the current facilities, calculate the anticipated capacity requirement through to 2016 and then map out a series of practical steps that will keep capacity in line with requirements in the most cost effective way.

Options considered for expanding the infrastructure included the further extension of the current building, use of temporary off site storage, use of permanent off site storage and development of a second distribution centre with further options for how it would be used.

Each option was fully costed including the development of a model to estimate the transport cost impact of each solution including additional trunking where required. The model was also used to compare different locations for a second DC.

The final step was to develop a Profit and Loss model to show the financial impact of each option and phase of development. Being interactive the model was used to demonstrate different scenarios. When considering major developments the impact of a sudden increase in various costs such as depreciation, rent, etc. can play havoc with budgets and Pets at Home were keen to avoid this.

On the other hand over reliance on third party off site storage can also be risky and lead to rising costs and planning complications. The model was able to show the optimum break points and, by understanding the implementation lead times, the point at which each key decision has to be made.

The final outcome is a clear plan of development for Pets at Home with a validated model showing how distribution costs as a percentage of sales can be managed over time. This was presented to the board and its investors and is now being used as a road map to set future direction.

Pets at Home Distribution Director, Phil Hackney Commented "My distribution team and I pride ourselves on achieving a world class service to our stores. With the clearly costed and planned development road map prepared by The Logistics Business we have now set our direction of travel and know what we have to do to meet the growth and service levels that the business demands of us."



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