

# 10 questions about distribution networks

## Does your distribution footprint support your logistics strategy?

**The process of designing a distribution network often begins with the analysis of the center of gravity based on operational logistics costs. However, that approach fails to take sufficient account of the service aspect of a distribution network.**

To gain a competitive edge through logistics nowadays, it is above all necessary to focus on speed and service rather than price and product. This results not only in shorter lead times, but also in smaller and more frequent deliveries. A finely meshed distribution network is essential in order to be able to offer a substantial proportion of your customer base same-day or next-day service without the transport costs skyrocketing. Meanwhile, the number of sales channels (wholesale, own stores, franchise stores, outlets, flagship stores, in-store shops and webshops) continues to grow exponentially. The fact that each sales channel has its own characteristics and logistics demands creates a strong need for differentiation in material-handling concepts in order to keep your operation efficient. On the other hand it can be wise to consolidate the various sales channels into a single distribution center in order to limit inventory levels and the associated capital costs.

Due to the high degree of volatility in customer- and market demands, today's logistics operation is focused on being agile enough to cope with peaks and lows as well as on a seasonal variability in terms of logistics costs. Therefore, a distribution network must offer maximum flexibility and scalability, independent of growth volumes, order profiles and sales channels.

Groenewout and Supply Chain Media have prepared these ten questions to help you check whether your current distribution network setup supports your growth expectations and distribution approach.



P.O. BOX 3290  
4800 DG BREDA  
THE NETHERLANDS

NIJVERHEIDSSINGEL 313  
4811 ZW BREDA

T +31 (0)76 - 533 04 40  
MAIL@GROENEWOUT.COM  
WWW.GROENEWOUT.COM

GROENEWOUT B.V. TRADE REG.  
NR. CH. OF C. 20009626.  
ESTABLISHED 1966. ALL ORDERS  
ARE ACCEPTED AND CARRIED-  
OUT ACCORDING TO THE  
GROENEWOUT GENERAL TERMS  
AND CONDITIONS 2012.



Page: 2/2  
Our ref.: 9024D513/IS/ June 2017

### **Checklist for the analysis of distribution networks**

1. Can you supply your entire commercial product portfolio in all sales countries via local warehouses and market channels?
2. Do you serve multiple distribution channels characterized by different shipment profiles (size and number of order lines) without extra costs for the customer?
3. Can customers specify lead times themselves based on differentiated costs?
4. In the case of fundamentally changing market demands, can you adapt your logistics operation within a week?
5. Are universally accessible blueprints defined with respect to the returns-flow processes within your distribution network?
6. Can you quickly weigh up the costs versus lead times for each order and also evaluate the various modalities: road, water and/or air?
7. In the operational systems, is it clear for all employees how high-value and low-value products are shipped through the distribution network?
8. Do you have centralized inventory planning at a European level, and does it also meet local needs?
9. Does everyone within the European organization utilize the same, integrated IT system for distribution planning?
10. Is there a watertight, closed process for cleaning up and managing logistics-related master data within Europe?

### **RESULTS**

#### **0-3 questions answered with 'No':**

Your supply chain organization is highly flexible and responsive, plus it is sufficiently robust thanks to the crucial availability of logistics data and integrated inventory planning. This approach will enable you to maintain your competitive edge in logistics.

#### **4-6 questions answered with 'No':**

You have the potential for a supply chain structure that is sufficiently well-equipped to meet the new market demands in terms of service and speed of delivery. However, you still lack the capacity to quickly and efficiently align your logistics operation with changing circumstances.

#### **7-10 questions answered with 'No':**

Your distribution network is characterized by long lead times and limited responsiveness. The logistics capacity is designed around a stable, continuous order flow. Your operation is efficient, but you find it difficult to respond to changes quickly and adequately.

For further information, please contact [Alain Beerens](#).