



GROENEWOUT

Bunzl improves efficiency and flexibility by integrating three warehouses

An interview with Henk Willems, logistics manager at Bunzl, by Marcel te Lindert



Packaging wholesaler Bunzl has built a new 24,000m² warehouse in the Dutch city of Arnhem to replace its three existing warehouses in Arnhem, Duiven and Den Bosch. Consultancy firm Groenewout's feasibility study played a crucial role in the decision-making process. Henk Willems, logistics manager at Bunzl: "We're now handling 15 percent more volume with the same number of people."

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Bunzl supplies packaging materials to companies across a wide variety of sectors and is market leader in packaging for grocery retailers. For example, 80% of all bread sold in Dutch supermarkets is packaged in one of the Arnhem-based wholesaler's bags. Besides that, the country's biggest e-tailer ships its customer orders in Bunzl's boxes. "But we also supply corrugated cardboard to industrial companies. From our warehouse in Arnhem, for example, we deliver packaging to boiler manufacturer Atag on a just-in-time basis," comments Henk Willems, logistics manager at Bunzl.

Bunzl used to have warehouses in Duiven and Den Bosch as well. Willems' team in Arnhem was responsible for customers in the food sector, while the Duiven and Den Bosch facilities served the non-food segment which includes 3PL companies and customers in the industrial, e-commerce and governmental sectors. When all three warehouses began to reach their storage capacity limits, Bunzl decided to explore the opportunities for integrating the three operations. "The warehouses were full, hectic and hence inefficient. We saw potential for achieving synergy gains by centralizing all our stock, processes and employees under one roof," comments Willems.



Henk Willems, Logistics manager Bunzl

Feasibility study

In 2016 Bunzl decided to assess the feasibility of having a single central warehouse and Willems enlisted the help of consultancy firm Groenewout. "We're only experts in packaging; as logistics specialists, at Groenewout they know how to draw up a solid, well-substantiated investment plan for a new warehouse so that we could present it to our board of directors for approval," he continues. Willems didn't need to spend long searching for the right consultancy firm: "Groenewout had previously handled projects for other parts of the Bunzl Group, and they completed this project to our full satisfaction too. We had the occasional difference of opinion with Groenewout along the way, of course, but that's inevitable in a project like this. "

The Groenewout team worked in close consultation with Bunzl. What were Bunzl's logistics needs? What were the relevant market developments?

And what were Bunzl's future growth expectations? Most of all, Willems appreciated the fact that Groenewout visited the Bunzl offices multiple times a week to find the answers to those questions. "We supplied them with all the data that they needed for their

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analysis, and we could discuss their findings straight away. If any extra questions arose in the process, we could tackle them immediately. It was an intensive but very enjoyable six-month period of collaboration.”

Existing facility vs new build

After analyzing various scenarios, Groenewout established that Bunzl would indeed achieve substantial gains by combining its three existing operations into one. The size of the central warehouse would need to be 24,000 square meters. “Armed with Groenewout’s feasibility study, we researched the opportunities in the logistics real-estate market. One option was to build a completely new facility in Arnhem or Apeldoorn, but we were also open to leasing an existing warehouse. After careful consideration, we decided to build a new warehouse at the IJsseloord II business park in Arnhem.”

The main factors in that decision were the comparable costs and the benefits for the workforce, according to Willems. “There was actually little difference between the costs for the various options. Even moving into an existing warehouse requires considerable investment,” he says. “A plot of land became available less than a hundred meters from our existing facility in Arnhem. We chose to build a new warehouse on that site because of the convenience for our employees. Many of them can still cycle to work, just as before. They cheered when we announced the decision, so that says enough!”



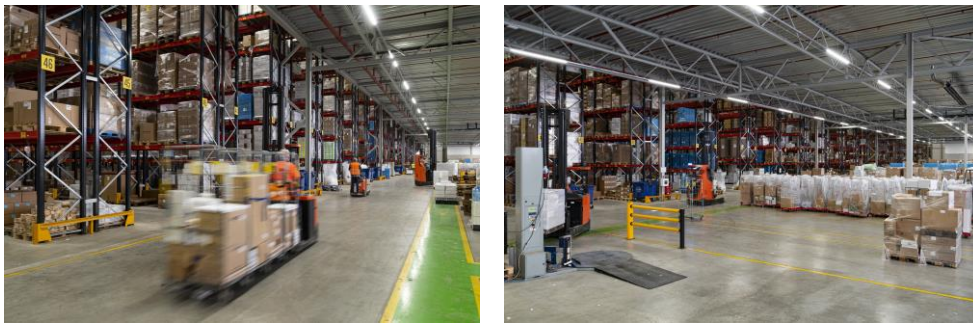
New warehouse Bunzl

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Vertical storage systems

Bunzl's new warehouse operation went live in the summer of 2019. The contents of the Duiven warehouse – amounting to around 7,000 pallets – were transferred in the first weekend, followed by the Arnhem warehouse – around 10,000 pallets – a couple of weeks later. The Den Bosch warehouse is still partly operational. "We're gradually running it down and all that stock will eventually be held in Arnhem too," adds Willems. He is impressed by the efficiency of the new warehouse: "In the old warehouse in Arnhem, we had a large section of shelving where we stored the packaging materials for our grocery customers. That inventory is now kept in two Kardex vertical storage systems – so what used to take up 2,400 square meters now has a footprint of less than 25 square meters."

Groenewout played an important role once again during the relocation. The consultancy firm not only helped to organize the actual move, but also supported the process design in the new facility. "The project team comprised the managing director, financial director, HR manager, facilities manager and me. We had a meeting once every two weeks chaired by the consultant from Groenewout, who oversaw the planning and made sure that everyone involved delivered on their promises."



New warehouse Bunzl

First things first

During the project, Groenewout suggested several ideas for improving efficiency in the new warehouse. Willems appreciated those suggestions, but opted for a 'first things first' approach. "I decided it would be wiser to focus on the move to the new warehouse first, and to think about further optimizing the processes afterwards, not least because it means we also need to implement a new warehouse management system. Our workflows are still largely paper-based and we'll need to become much more software-driven in the near future, but the move itself has been a very big step for many of our employees."

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Despite the fact that Groenewout advised Willems to hire an external specialist to handle the move, it was a conscious decision to let the company's own workforce physically transfer the inventory from the old warehouses in Duiven and Arnhem to the new facility. "I asked around in the warehouse team in the run-up to the move to check whether any of the employees would be willing to give up two free weekends to help out. They all agreed, without exception – and even the office workers lent a hand. That speaks volumes about the company culture within Bunzl. Nevertheless, Groenewout's cautionary words about the danger of relying on our own workforce focused our mind and definitely helped us to ensure that the move went smoothly."

15 percent more volume

Even though most of the processes remained unchanged, Bunzl still suffered a few teething troubles and it was a case of all hands on deck in the first three weeks to dispatch all the orders on time. "But we've come a long way in the past few months and we're now reaping the benefits of centralizing our activities. It's great to have our employees in one place. They've been trained as all-rounders, which offers opportunities for flexible deployment – something that was much more difficult when we had multiple warehouses," states Willems. "We're now handling 15 percent more volume than at the start of this project in 2016, with the same number of people. We wouldn't have been able to pull this project off without Groenewout's support."

Text by Marcel te Lindert

Marcel te Lindert is a journalist with over 20 years of experience in the logistics industry. He was editor-in-chief of the Dutch magazines *Transport+Opslag* and *Logistiek*. Nowadays he works freelance for trade magazines including *Supply Chain Magazine* and *Warehouse Totaal*.

More information

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