



MASSMART

GROUP UPDATE

New warehouse can reduce paperwork from 32-thousand orders to just 550 per week



Images: Tshapo Makhoba

Massmart's Massdiscounters division has been successfully running its Cape Town Regional Distribution Centre for around 18 months. The division is now gearing up to open a massive 70 000m² facility in Germiston, Gauteng. The international trend in bulk consumer goods retailing is to centralise distribution through facilities like this, and with good reason: large, well-run warehouses offer unparalleled efficiency.

Easy receiving at Game

The new Regional Distribution Centre (RDC) will service 62 South African Game stores, plus 8 of the chain's stores in other African countries. These stores will receive stock from their suppliers via the RDC. Within 48 hours of suppliers' delivery to the distribution centre, stock will be delivered to the stores, helping ensure stockholding is kept at an optimum level.

Game stores also benefit from a reduction in the number of delivery vehicles dropping off goods at the back door. With the new warehouse, 70% of the goods sold at stores in the Gauteng region will be managed through the Gauteng RDC. This simplifies each store's receiving area operations and, in fact, all new stores planned for

the region are being designed specifically to accommodate their RDC's deliveries.

Managing the Gauteng RDC for Massdiscounters is Jaco Naudé. "Not only will there be less traffic at Game stores' receiving areas, but the speed at which goods can be moved from the back of house onto the shelves will also be more than halved," he says. "Thanks to the 'green light' receiving system, goods from suppliers are checked at the RDC before being delivered to the stores. This means stores do not have to re-check each order, so there's no delay in getting stock onto shelves."

Another plus for Game stores using the RDC is the huge reduction in goods delivery paperwork.

"There are around 550 local suppliers from which the Gauteng RDC is to receive goods," says Naudé. "Previously, with direct store delivery, each store would generate an order for each supplier. At 62 stores in the region, this amounts to 32 100 orders to be processed, and that's assuming there's only one delivery per supplier. When goods are distributed through the RDC, the tally stops at 550. This example is simplified, of course, but it demonstrates how efficient the process can be."

Stores save off-site

Because Game stores had previously received goods directly from suppliers, many bought in bulk and required substantial storage

area to hold goods. Considering Game sells volumes of large items including refrigerators and washing machines, stores would often find a storage area off-site in a more affordable location.

This need for additional space will disappear for the Game stores to be serviced by the new Gauteng RDC. Besides the obvious savings on renting storage space, stores will also save by avoiding having to buy in bulk and tying up working capital in storerooms.

John Hart, IT and Logistics director at Massdiscounters, says: "This has been a natural evolution into centralised distribution for Massdiscounters, as we gear ourselves up to control our own supply chain more effectively and far more cost-efficiently. In today's times, all major retailers are using supply chain efficiency as a key driver of value for their customers." ■

Massdiscounters division's new Regional Distribution Centre is helping reduce:

- * Storage space - both in stores and at off-site warehousing locations,
- * Back door deliveries - reduced by 75%,
- * Administrative processes and paperwork in stores - reduced by 40%.



Some useful terminology

Pallet-wrapping – A pallet is a wooden platform used for transporting goods. At the RDC, pallets are wrapped in plastic to prevent damage to goods.

Receiving and despatch – Inbound and outbound deliveries, respectively.

Voice-picking – A system using speech recognition and speech generation technology to direct work in the RDC.

Gauteng RDC the biggest ever for Massdiscounters

The Cape Town RDC is 19 500m² and plans are underway to build a 45 000m² RDC in Durban next year. By far, Gauteng will be the biggest.

- * The distribution centre covers an area of 70 000m² on a site covering 120 000 m².
- * It contains 27kms of yellow paint on the floor to demarcate different areas.
- * The building houses 727 tonnes of steel to make up 4,8km of racking. Racking storage space is 32 939m².
- * There are 10 391 slots to hold goods.
- * Employees use 60 voice-picking devices and 120 headsets to manage goods throughout the facility.
- * There are 17 doors through which goods come in and 41 despatch doors, plus another 18 despatch doors for goods destined for Game stores outside of South Africa.
- * The facility's 66 forklifts are kept on track by a battery management system called a 'Bull'. The RDC's Bull is the first electrical unit of its kind of South Africa.
- * The RDC is home to 12 000 pallets, 400 'furniboxes' (furniture) and 3 000 tote boxes.

Efficiency and environmental responsibility often go hand in hand. Here are some examples:

- * There are four pallet-wrapping machines at the RDC. These have helped reduce plastic usage by 30%.
- * Large bulk packs of goods are often broken down into smaller packs for distribution. This leaves a lot of excess packaging lying around, so the facility's waste area has a compactor and bailer for recycling.
- * The RDC uses solar-powered geysers and utilises 'white' and recycled 'grey' water throughout the building. The truck wash bay, in fact, can reuse water for up to seven months.
- * Natural light is utilised in as many areas as possible. Most of the RDC's electric lights are on timer switches or are activated through motion-detectors.