

## Web of Efficiency Logistics and Distribution



As intricate as a spider's web, logistics and distribution networks are highly complex, making the movement of products and materials from point to point on a global scale a significant challenge for many companies.

Networks become outdated rapidly due to the constant addition of new suppliers, customers, sales channels, and the changing expectations of customers and suppliers. Business events, such as mergers or acquisitions, create redundancies. Emerging markets increasingly represent both distribution and sourcing locations. These and other factors contribute to escalated costs, reduced efficiency, and logistical complexity. Most companies also struggle with automation, often operating with antiquated technology that is costly to maintain and doesn't provide requisite data on carriers, rates, and spending across the organization.



As dynamics of the global economy evolve, companies are forced to create ever more flexible and visible logistics and distribution capabilities.

# Many factors contribute to escalated costs, reduced efficiency, and logistical complexity.

## How we can help

Whether a company is seeking a global transformational initiative or a series of effective tactical efforts, Deloitte's Logistics and Distribution practice offers knowledge, skills, and experience to help companies plan and efficiently operate their networks globally while executing effectively at the local level. We work with companies to develop strategy, identify opportunities, and create innovative alternatives that provide supply chain improvement for shareholders and customers. Our services include:

- **Global transportation optimization** – We devise operating strategies to create global transportation networks with effective modes, services levels, and cost structures.
- **Logistics strategy execution** – We design operating models that align with organizational design, network strategy and customer demand for effective management of global fulfillment and transportation operations.
- **Omni-channel enablement** – We assist retailers to enable their supply chain to support cross-channel order demand.
- **Merger and acquisition integration** – We help companies identify and realize logistics synergy opportunities like network rationalization and process standardization.
- **Analytics** – We help integrate relevant data and provide important metrics on transportation spend, analysis, capacity utilization, and carrier performance using a Software as a Service (SaaS) delivery model to reduce the burden on Information Technology.
- **Technology** – Our depth of experience with transportation management systems, information management, and business intelligence as well as technical integration efforts allows us to help companies improve and automate global logistics processes.
- **Strategic freight sourcing** – We help companies develop and execute sourcing strategies to maximize their buying power in the marketplace. We use our standard methodology to execute an efficient sourcing process and perform analytically driven scenario analysis to optimize savings. And we help ensure savings and benefits are realized with implementation support and benefit tracking tools.

## Potential bottom-line benefits

- Cost reduction
- Customer lead-time improvement
- Lower buffer inventories from more reliable transportation
- Improved gross margin return on inventory investment (GMROI) while increasing revenue by serving demand across the supply chain network of inventory
- Accelerated synergy capture in the event of mergers or acquisitions
- Improved process efficiency and cost reduction from better systems
- Fewer carriers to manage
- Ability to establish internal and external benchmarks

### Learn more

**Logistics and Distribution is one of many strategic areas surrounding supply chains. For more information on how Deloitte can help, visit [www.deloitte.com/us/Sclogisticsanddistribution](http://www.deloitte.com/us/Sclogisticsanddistribution).**

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## Ways to get more value now

- **Embrace simplicity.** While global networks look and feel complex, an effective combination of analytics and visualization can help simplify them so they're more manageable.
- **Drive effective change through the organization.** A strong change management and communications plan is essential to determining that improvements are sustained.
- **Optimize then transform.** The journey to transforming your supply chain to efficiently support cross-channel demand can be long, daunting and expensive. Start with immediate optimization improvements across current infrastructure, which will provide the foundation for a series of changes that continue to deliver value to the business.
- **Create cross-functional teams.** Effectiveness and efficiency result from cross-functional teams across procurement, planning, manufacturing, marketing, customer service, and other areas.
- **Plan, prioritize, and fund.** Logistics transformation is attainable with effective planning, prioritizing, and funding.
- **Clearly define value.** Stakeholders are often more supportive when the value of improvements is clear, which makes analytics and benchmarking data essential to the process.

## The big idea

**An effective logistics and distribution strategy can create significant improvement in supply chains to help drive down costs, improve efficiency, and create agility in response to market dynamics.**