



BEATING 'PEAK FATIGUE'

A Step-by-Step Guide to Post-Peak Recovery:
Preparing your supply chain operations for
the next high-intensity trading season

| FOREWORD

The pandemic and Brexit have created the perfect storm for retail, with a combination of labour and goods shortages and periods of unprecedented demand. While supply chains, historically, are good at coping with shortages, over the last few years, it's been increasingly difficult to forecast customer demand and shopping behaviours.

Now we are returning to some sense of normality, even if 'normal' doesn't look like it did before. We may be seeing a return to more normal cycles of behaviour, or at least we are starting to see what consumer behaviours are sticking and be able to predict demand better. But we still have to deal with uncertainty and volatility.

Retailers still need to be prepared to adapt rapidly and thrive, which means learning from peak periods - in post-peak reviews - and using them to prepare for the next rush. Finding better ways of working and optimising supply chain efficiencies has never been more critical to success.



| ABOUT THE AUTHOR

Nik has fifteen years' experience in logistics and supply chain within manufacturing, retail, supplier management and events logistics. Nik's experience comprises operational experience in the 3PL sector and logistics and supply chain experience in a FTSE retailer environment.

This mix of experience allows him to operate comfortably across all levels and ends of the supply chain.



Nik's career highlights to date are:

- ✓ SOP and SSOW design and implementation for a start-up operation in a 500,000 sq. ft. warehouse
- ✓ Delivering more than £200,000 cost efficiencies within a warehouse network
- ✓ Effectively programme managing £4.5m of cost-saving projects
- ✓ Reducing end-to-end lead time of a category product range by 10%
- ✓ Business case sign-off, detailed design, fit-out procurement and project management of a 280,000 sq. ft. warehouse
- ✓ Successfully negotiated an improved set of KPIs for an online fashion brand with their 3PL
- ✓ Supported the turnaround of a warehouse operation – implementing best practices and increasing outbound volume by 70%

nik.pamplin@hatmill.co.uk

+44 (0) 1423 900 660



THE IMPORTANCE OF POST-PEAK RECOVERY

In order to ensure your business is thriving and not just surviving you need to manage peaks and troughs at every stage of the supply chain. More so now than ever before. It's easy to focus all energies on peak periods.

But the difference between success and failure (or disaster!) can be how well you manage your exit from these periods. Post-peak is a critical time for review and recovery, not a time for rest and relaxation.

In this document, we give you a step-by-step guide for ensuring your exit from peak activity is seamless. Doing so effectively ensures a cost-effective and safer operation, better utilisation of space at a more normal inventory level, and improved accuracy and integrity of stock holding.

“ The period after peak is a crucial and often neglected time. It presents an opportunity to do things that there isn't normally time to do. ”

Nik Pamplin



YOUR MAIN CHALLENGES

Just like your key trading season, the post-peak period requires proper planning and robust resource management. But recovering from hectic spells can be a difficult and challenging process.

Here are some potential snags and complications:

- **No quiet period** - being in a state of constant peak, particularly within retail where Christmas is quickly followed by Valentine's Day, Mother's Day, and then Easter.
- **Demanding targets** - growing pressure on buying and sales teams to hit growth numbers in a stagnating market.
- **Skeleton resource** - operational budget constraints resulting in low resource levels. This means staff deal with direct activity only, and vital elements like training fall by the wayside.
- **Consumer demand** - the online customer wants more choice and selection, resulting in greater volumes of stock and wide SKU ranges.
- **Need for personalisation** - increased number of vendors being asked to deliver bespoke ingredients or components.
- **Extended seasonal trading and 'peak fatigue'** - longer, more intense periods of seasonal trading, resulting in 'peak fatigue'. For instance, Christmas is now a four-pronged period of Black Friday / High-Street peak / Boxing Day sales / January sales.



REAP THE REWARDS AND BENEFITS

With pressure on supply chains reaching an all-time high, the need to plan your exit from peak trading times is greater than ever. By properly planning post-peak recovery, there are clear benefits for your operation, the operators who work within it, and the management team that run it. Here are the areas where you should see major improvements:

1. OPERATIONAL COST REDUCTION

Improved warehouse operations combined with minimised storage for the lower trading periods ensures you keep costs down.

2. PRODUCTIVITY IMPROVEMENTS THROUGHOUT THE YEAR

A comprehensive Post-Peak Review (PPR) will inform your next planning cycle, taking the best learnings from your end-to-end supply chain and inspiring better ways of working, not just now but for the rest of the year and into the future.

3. STOCK AND SPACE OPTIMISATION

Maximising your warehouse capacity, resolving aged stock issues and sorting through problem areas can greatly improve stock holding integrity and accuracy.

4. INCREASED HEALTH AND SAFETY

A thorough review and clear-out gives you audit-ready facilities that are clean, safe and suitable for staff as well as customers.



STEP 1

START WITH A LIST

Create a 'Must Do' list to ensure you are fit to operate. Things that are often pushed down in the priority scale can take precedence now.

EXAMPLE TO DO LIST

1. Clear out seasonal products or SKUs to make space for new season stock.
2. Avoid incurring costs from external storage by clearing and recovering or arranging disposal of products.
3. Conduct a H&S audit (including a Business Continuity drill to make sure procedures are still fit-for-purpose).
4. Ensure compliance by updating training files, reviewing records, conducting CRB checks and doing MHE assessments.
5. Review projects (old, existing and stagnant) then prioritise the most important and either delegate or dump the rest.
6. Commence racking auditing and plan any associated repairs during quieter trading periods.
7. Analyse team structure, consider whether the right roles exist and look at addressing any skill gaps.
8. Check systems performance, reviewing all areas from screen-lag to Radio Frequency (RF) signal strength.



| STEP 2

CONDUCT A POST-PEAK REVIEW (PPR)

During peak trading periods, it's often not possible to deal with problems at their root cause. An element of 'firefighting' takes place, and this means only the symptoms are dealt with and so the underlying issues still exist. Without the time or resource to discuss these snags and glitches, it's all too easy for history to repeat itself after the high-intensity period is over.

By conducting a Post-Peak Review (PPR), you can look at the challenges across the entire business. And it's essential to do this in an objective way, and to assess every department. Capture experiences from the shop floor to the MD, looking at everything from supplier processes to the customer journey. Being thorough with your review will ensure lessons are learnt and plans are put in place for the next key season.



STEP 3

IMPROVE PROCESSES AND TRAINING

Peak trading often calls for an influx of temporary staff to help cope with rising sales. This can often result in processes being misinterpreted, poor levels of training, and reduced control of stock in the warehouse.

Ultimately, this can all lead to a loss of profit. When volumes reduce there's an opportunity to fix performance within your teams. This should be done with a fresh pair of eyes; a specialist who is unfamiliar with the site's processes but who is an expert in industry standards.

By using an impartial consultant, businesses can capture the thoughts and feelings of every cog in the wheel, from senior managers to new starters. The goal is to use frontline feedback to drive best practice and provide a pulse-check of the suitability of training materials.





| STEP 4

DRIVING ROBUST, VALUABLE DATA

The data and Management Information (MI) that exist in the warehouse are key to your success. That's why it's vital to carefully review how information is captured, processed and shared. This will ensure best-in-class, robust and actionable data – the kind of data that helps unlock potential and boost performance.

Often, data and MI passed down to new members of management are accepted as the best there is. But this can be one of the biggest downfalls for businesses wanting growth, change and development. It's important to seek expert guidance and objectively review how things are done; it's the only way to improve culture, gain useful and relevant insight, and facilitate transformation.

Key benefits:

- ✓ Better agility and flexibility for decision-making.
- ✓ Enhanced operational efficiency and improved productivity.
- ✓ Meets customer expectations, increase loyalty, and boost your brand reputation.

STEP 5

ASSESS YOUR CAPACITY

The post-peak period is the best time to consider your warehouse capacity, ensuring that it aligns with your sales forecast for the following year. If volumes continue to follow an upward trajectory, there will be more pressure on the warehouse. The breaking point may be closer than you think if it isn't assessed at an early stage.

Buying and sales strategies need to be communicated in a clear and timely way, and plans across the business must be unified. By looking at future growth plans collaboratively, you can work out whether your current space is adequate for the next high trade period. Reviewing storage options early in the growth journey also allows you to build the most cost-effective model for managing stock.

Key considerations:

- ✓ Does your warehouse have the capacity to cope with unprecedented growth?
- ✓ Are your current storage solutions easy to scale up?
- ✓ Should you move facilities or acquire additional space?
- ✓ Can you improve picking, packing and material handling techniques?





| STEP 6

CHECK STOCK INTEGRITY

Stock integrity in the warehouse is often compromised in peak trading. During a time when your workforce can be as much as 80% temporary staff, it's almost certain that problems will occur with inventory.

After peak season ends, time and care should be spent reviewing stock-counting and cycle-counting methods. The period of 'calm' after peak is a good time to scrutinise the frequency of checks, and the level of detail applied to ensure optimum accuracy of stock.

STEP 7

MEASURE FORECAST ACCURACY

The disparity between a sales forecast and actual sales or demand can be vast. Yet, business forecasting is a critical measure for the supply chain. Failing to recognise the gap between projections and reality is short-sighted, often leading to under or over stocking, both of which are costly.

Not addressing this issue quickly will result in increased cost via premium pay, additional shifts, and a lowered ability to react to unforeseen challenges that are out of your control.

Independent support should be sought to help assess accuracy of current business forecasts without bias. A consultant can work with you to develop a universal measure of forecast accuracy, and this can be embedded into every area of the business. This means you can improve accuracy across sales, procurement, logistics and other stages of the supply chain.





| STEP 8

OPTIMISE SPACE

As your business grows, an organic evolution of your warehouse will occur. This is when your space and warehouse layout naturally adapt to changing levels of demand. As a result, a loss of efficiency is inevitable. Without a structured growth plan, products can be inappropriately placed and the flow of the warehouse won't be at its most efficient.

This can be even more apparent during a peak trade period when warehouse teams are required to adapt quickly to fulfil orders and consignments. As soon as sales die down, warehouse managers need to look at their layout strategy carefully.

The optimisation process should include:

- ✓ Assessing physical location of products.
- ✓ Reviewing the functional areas of the warehouse.
- ✓ Warehouse traffic and safety.
- ✓ Checking the Material Handling Equipment (MHE).

| TAKING ACTION

When we talk about recovery, it's easy to think about salvaging the efficiencies that may have been lost during a hectic season. But a comprehensive Post-Peak Review is about much more than just recuperation. The main aims are to optimise and improve, not just for today but also for the future.

By using the post-peak time to plan and prepare, you can ensure that your warehouse space and layout, your internal processes, your machinery and technology, and your people are fully equipped for next year. By acting in a timely manner and taking advantage of the seasonal cycle, you can bolster operations for following seasons and not be caught out by increasing volumes in the warehouse.

We believe that doing nothing simply isn't an option. Particularly with today's evolving e-commerce market and growing consumer demands for choice and convenience. But if these steps are difficult to achieve due to budget or resource constraints, we recommend starting with key areas that will have the greatest impact on your operation.

Whichever steps you prioritise, it's important to have a strategy and checklist in place, and to plan your exit from peak meticulously.



| ABOUT HATMILL

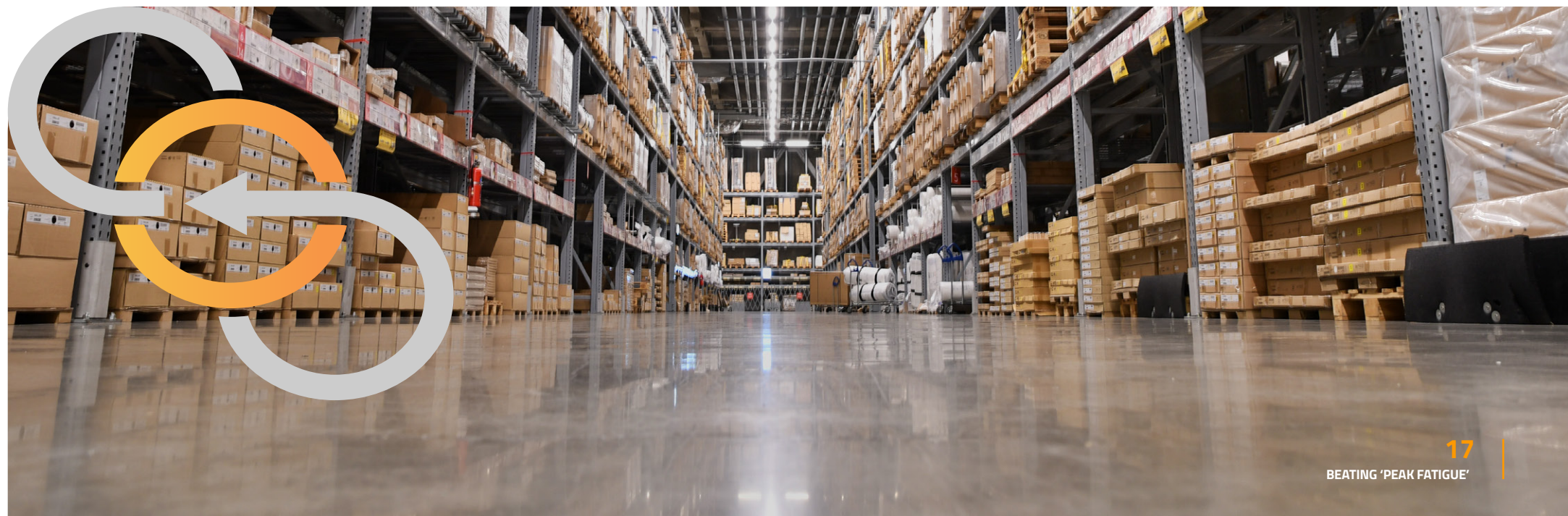
We're a team of supply chain and logistics advisors that believe all supply chains can be improved. With the continued growth of e-commerce and the increasing demands of customers, it's more important than ever to find better ways of working and optimising the supply chain for efficiency and success. We're trusted by the UK's biggest brands including; Greggs, NHS Supply Chain, Asda, Burberry and Sony.

Thriving in today's competitive and dynamic landscape requires careful planning at every stage of the cycle, including the peaks and troughs of a seasonal business. Carrying forward learnings into future trading periods is a fundamental part of this.

At Hatmill, we can work with you to conduct a Post-Peak Review (PPR). Not only can we help you recuperate from busy trading periods, but we can prepare your operations for the next high-intensity season. Whether you want to cut costs and improve productivity, expand your warehouse or meet unprecedented consumer demands, our team will deliver ideas and solutions that are sustainable for future success.

We can:

- ✓ Help to identify problems encountered during peak at their source, and recommend and implement operational improvements.
- ✓ Assess your forecast accuracy to set a standard that will give you greater confidence of your resource planning.
- ✓ Look at ways to increase stock integrity and accuracy (including methods such as mechanisation or automation).
- ✓ Refresh your warehouse layout after peak trading to ensure better utilisation for the year ahead.





LET US HELP WITH THE HEAVY LIFTING

Whether you want to cut costs and improve productivity, expand your warehouse or meet rising consumer demands, we can help.

Visit our website

www.hatmill.co.uk

Or call us on

01423 900660

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