



Kellogg's

Lean solutions leverage cost and efficiency savings for Kellogg's

The Client

Kellogg's is an internationally recognised brand – the leading producer of breakfast cereals – with manufacturing bases in 18 countries and a consumer base encompassing 180 countries. Over 100 years ago, a moment of serendipity led to brothers, W K Kellogg and Dr John Harvey Kellogg creating the world-famous corn flake and with it, a breakfast institution.

The Challenge

- ◆ When Kellogg's began working with logistics experts TDG back in 2008, they had recently dispensed with the services of their previous provider as a result of productivity and cost issues – making both of these very much front of mind.
- ◆ Kellogg's was looking to make a 6% global cost saving, and every area of their business came under scrutiny.
- ◆ They incorporated lean working practices to bring costs down across the board, and they looked to their new logistics provider – TDG – to do the same.
- ◆ TDG and Kellogg's were immediately well-matched; both companies shared a devotion to achieving the very best results for clients and customers.
- ◆ TDG immediately began to review Kellogg's processes to see where they could make efficiency improvements.
- ◆ Having established a network of trusted third party suppliers, Kellogg's knew that they could leverage significant value out of their combined expertise.
- ◆ It required full buy-in from all of Kellogg's partners, but also presupposed that those partners would work together to ensure a cohesive solution across the entire supply chain.



The Solution/Benefits

- ◆ TDG's suggestion to deliver Kellogg's goods together with another of TDG's customer's goods got Kellogg's efficiency savings off to a great start.
- ◆ It showed both companies' commitment to cut CO2 emissions – to a tune of 160,000kgs.
- ◆ The UK arm of Kellogg's operates out of a manufacturing plant in Wrexham (with a warehouse attached) and a further warehouse at Trafford Park.
- ◆ TDG's role, as initially set out, was to orchestrate all product storage at the warehouses, and transport required quantities to retail outlets all over the country.
- ◆ TDG was able to incorporate a designated co-packing area into the main commercial warehouse in Wrexham. That meant product could be co-packed immediately and distributed straight to point of sale.
- ◆ Taking over responsibility for TDG's co-packing requirement is just one part of a much bigger solution to cut circa \$1 billion in operating costs for Kellogg's.
- ◆ Central to making it all work is an effective utilisation of the Kellogg's – Lean, Efficient, Agile Network (K-LEAN) system – the driving force behind their efficiency enhancements.
- ◆ Rolled out to all of Kellogg's suppliers - K-LEAN is essentially a lean logistics framework. Its tools include volume stream mapping and audits to establish a tidy, safe and efficient working environment.
- ◆ It is demonstrably a very collaborative working relationship; both parties are working towards the same ends. TDG has implemented a number of service level improvements and embraced K-LEAN principles to cut waste and improve efficiency.

"We've taken things step by step, tested everything we do and have developed a shared understanding of what we want to achieve. The whole package delivers meaningful savings for us, as well as the environmental and efficiency benefits achieved"

Colin Ridler, Supply Chain Director, Kellogg's