

# Distributor Operational Cost Optimization

**Organization Name: Hindustan Unilever**

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## **Overview:**

Optimize distributor cost structure basis his operations

## **Current Challenges:**

Distributor has 2 major costs today

1. Inventory holding cost
2. Secondary distribution cost (From his warehouse to retail outlet)

The current challenge in this is today we don't have advanced science to predict and optimize the above 2 parameters.

A distributor on an average handles 750 packs and services 3000 outlets.

Majority of its cost goes in servicing tail outlets and tail assortment. However some of this tail is also a potential growth for future. Hence it is important optimize the inventory (assortment kept at RS) and the servicing which he does in the front end

## **Business Requirements:**

1. Incremental cost per retail outlet and hence ideal coverage of the RS
2. Incremental cost per assortment and hence ideal level of assortment
3. Damage & non-moving stock reduction at RS point basis past trends