



# Kramp gets to grips with its commerce business

It's not only retailers, but technical wholesale companies too are grappling with the challenges presented by the current trend for omni-channel operation. Kramp not only supplies parts to almost 60,000 dealers throughout Europe, it is also increasingly supplying end users directly on behalf of those dealers. The question is whether the company actually needs to keep all those parts in stock itself. A strategic investment in IT has enabled Kramp to perform various roles in the supply chain.

In 2001 Kramp was one of the first technical wholesalers to have a webshop, specifically designed for dealers in the agriculture, gardening and landscaping sectors, as well as in construction. "We still want to lead the way when it comes to e-business. For 10 years we have been offering our dealers the tools that enable them to set up a webshop themselves for their customers. These end users can either pick up the parts they have ordered directly from the dealer or they can choose to have them delivered from one of our DCs,"

explains Reinier Slöetjes, Kramp's regional sales director for the Netherlands, Italy and the UK. IT manager Ebel Noorman expands on this: "Nowadays, we receive 90% of our orders online, with a large number of them coming via the webshop."

Kramp supplies the majority of its parts to dealers and machine manufacturers. With this in mind, a number of smart logistical concepts have been developed, such as the option to deliver parts in sets, possibly already pre-assembled, so that workers on site don't need to search for the right parts themselves. Service engineers who order parts today can have them delivered to their service vehicle the same evening so that they can get started immediately in the morning.

## Added value

These examples underline the strategy adopted by Kramp, whereby the complete focus on innovation and optimisation reflects the continuous quest to increase the added value in logistical chains. At the moment, this strategy is successful. Turnover has increased threefold in the last 10 years, reaching EUR 667 million in 2014, which is also thanks to the merger with Grene, a Scandinavian industrial partner.





"We want to push growth towards 1 billion euro in the next three to four years," remarks Slöetjes. Increasing the added value in the supply chain is not only part of innovative services for dealers and end users. Kramp is considering expanding considerably the range of products available from the webshop by pursuing ever closer cooperation with suppliers. This means that if dealers or end users now order one of the added articles, the order will go directly to the supplier, which will then deliver the part, either directly or by means of cross-docking via one of Kramp's nine distribution centres. "We're already working closely with some tractor manufacturers. They have tractor parts in stock, but we have all the additional parts which the dealers for this make of tractor also need to be able to provide the service to their customers. We're jointly offering these dealers a single webshop and can check from the screens that the deliveries come from the right warehouses. However, at present, we are restricted by our IT systems in our efforts to improve stock availability using these cooperation links," explains Slöetjes.

In addition, Kramp expects that third parties will also be interested in the expanded distribution network. The wholesaler has nine distribution centres in the Netherlands, Germany, France, the UK, Poland, Russia, Denmark, Sweden and Finland, which can process together up to 100,000 orders a day. There are few manufacturers of agricultural, gardening and construction machinery who can afford to have such an extensive parts distribution network. "If a machine manufacturer wants to outsource its parts logistics to us, we want to be ready for it," says Slöetjes.

#### Allocating orders

A key aspect of applying the strategy is the implementation of Distribution Order Management (DOM), the omni-channel operations solution from Manhattan Associates. This solution is primarily aimed at improving the level of service offered to dealers. "We want to offer our stock in all nine distribution centres to all our customers. DOM provides us with a real-time overview of our complete stock. Based on stock availability, logistical costs and delivery capacity, we can allocate every order to the right DC, while guaranteeing



customers a reliable delivery time. We can also include suppliers' stocks in this," adds Noorman.

When allocating orders to distribution centres, DOM not only takes into account transportation costs, but also handling costs in the distribution centres. If an order comprises three articles, it is obviously cheaper to deliver the order from the location where all three articles are in stock, rather than delivering the articles separately from the closest stockroom for each article. If it is not possible to deliver all the parts from the one location, DOM indicates how best the suborders can be combined into a single consignment.

#### Growing conversion

Kramp is expecting a growing conversion as the wholesaler can make better guarantees. Customers now sometimes cancel an order because they have to wait three days until the supplier has replenished stocks in the closest distribution centre. However, they are now likely to order the part if they can receive it sooner from another location or if a dealer has it in stock. Using traditional ERP systems, it is near enough impossible to deliver to every customer from every distribution centre. Noorman continues: "As a result of acquisitions made, we have three different ERP systems, which we can't use to do this at the moment. DOM currently runs on top of it as an all-encompassing system."

DOM also makes it easier to perform different roles in the supply chain, for instance, the role of a logistical service provider for machine manufacturers who are keen to outsource their parts logistics. "DOM allows us to link up with external partners more easily and disclose all the data better. But the key thing we want is to provide an even better service to our customers."

#### AVAILABLE TO COMMERCE

Kramp describes the opportunities provided by Distributed Order Management based on the situation in Italy. Usually, customers from Italy receive their deliveries from the German distribution centre in Strullendorf. Customers

in northern Italy who want to have their parts delivered the next morning by 12.00 must order them by 16.00 the day before. The deadline is 12.00 for customers in central Italy, while this is actually already too late for customers in southern Italy. Reinier Slöetjes from Kramp: "Thanks to DOM

we can show customers in the whole of Italy the stock available in real time and give the right delivery time. If a part is not in stock in Strullendorf and needs to be delivered, for instance, from Varsseveld, the Netherlands, DOM adds another day for this."

