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Qantas: savings of 15% from GRA

Qantas is moving towards 15 per cent cost and efficiency savings on its supply chain distribution for one million meals a month produced at its value-adding in-flight Snap Fresh offshoot at Logan City, Queensland.

This follows an in-depth assignment successfully completed for the carrier by a leading consultant in demand, inventory and supply chain optimisation, GRA.

Mark Trundle, general manager of Snap Fresh, told *FMN* that four to five per cent savings had already been achieved and another five per cent was "close" (by calendar year-end 2005) depending on capital equipment go-aheads.

"We are happy with the GRA work and would use the company again," he added.

GRA is Melbourne-based and boasts several other completed assignments with foodies, including Bonlac, Bonland, Foster's, Nestle and Sara Lee. Involved at Snap Fresh were two of its directors, Carter McNabb and Steve Bray.

Trundle, with previous food experience at AMH, GWF and Ingham Enterprises, said that in late 2004 Snap Fresh opted to use outside expertise to help address its "relatively high" distribution costs. GRA won a selective tender for the assignment.

"We distribute to seven key sites in Australia, which are all Qantas in-flight DCs or associated warehouses, plus our airport provider at Singapore," explained Trundle. "We had doubled our volumes handled in the previous 18 months and today use 12 million of our 14 million meals p.a. capacity.

"Our clients are Qantas and its subsidiary carriers such as JetStar, plus British Airways, South African Airways and Air Pacific."

Trundle said GRA assessed Snap Fresh's stock holding procedures, its revenue information and handling/delivery costings. He said that following the GRA advice, the 15 per cent savings were achievable by early 2007.

GRA said it provided sustainable, tailored solutions, which ensured that the desired outcomes are realised. It offered a minimum 3:1 return, which typically ranged from 10:1 to 30:1.

The company said it was "uniquely positioned" in the market as it offered success-based fees, whereby its remuneration was linked to its partners' realisation of actual documented improvements.