

The Power of Small Firms

Motivation / Background

99%

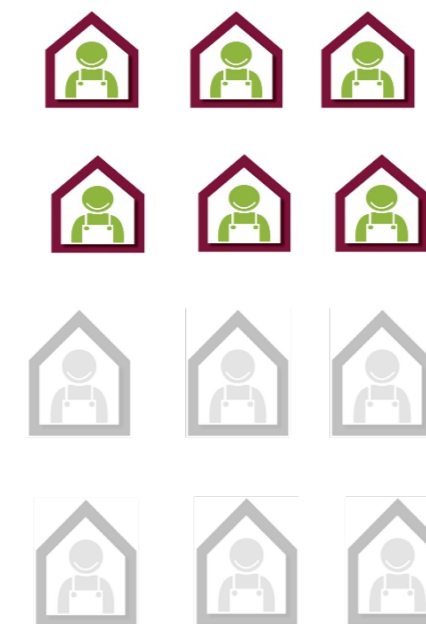
Small firms

50 Million
Nanostores

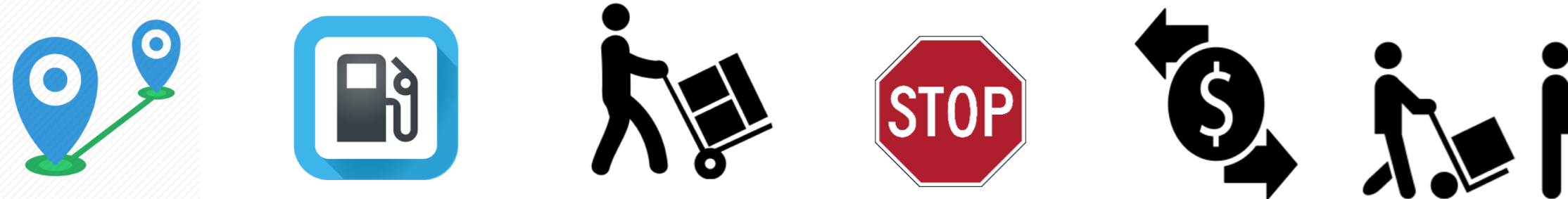
60-70%
Market Share
CPGs



Birth/Death



Why do the logistics costs increase?



Key Question / Hypothesis

What's the impact of the birth/death of nano-stores in the logistics costs of a distributor of a Consumer Package Goods Supplier?

Collaboration between the distributor of a CPG Company and its nano-store customers by implementing adequate supply chain practices can minimize their death and reduce the logistics costs of the supplier.

Relevant Literature

Fransoo Jan C., Blanco Edgar E., Mejia-Argueta Christopher (2017). Reaching 50 Million Nanostores: Retail Distribution in Emerging Megacities. CreateSpace Independent Publishing Platform.

Velázquez-Martínez J. (2016). Small Firm Supply Chains in Latin America the Focus of New SCALE Study. Retrieved from <http://supplychainmit.com/2016/10/27/small-firm-supply-chains-in-latin-america-the-focus-of-new-scale-study/>

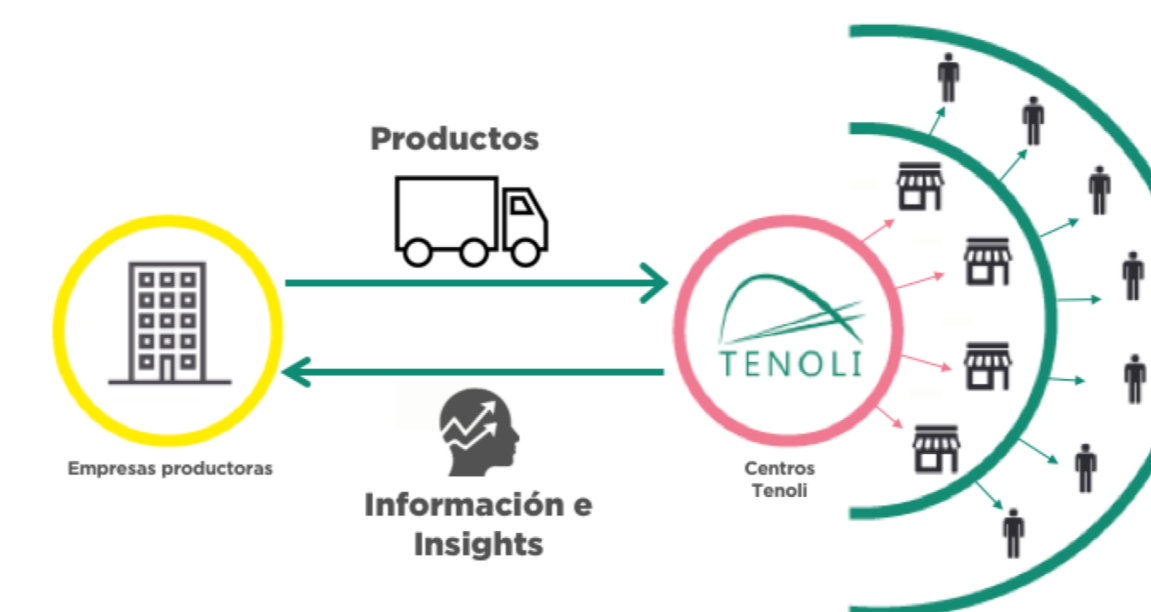
Mejia-Argueta, Higueta-Salazar, Hidalgo-Carvajal (2015). Methodology for offering a differentiated service through cost-to-serve analysis. Estudios Gerenciales.



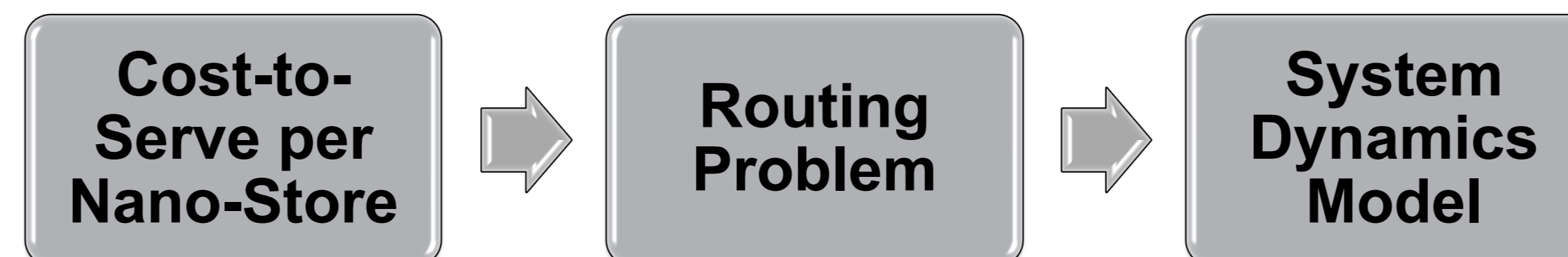
Source: Tenoli tenoli.com

The Problem

Tenoli distributes its products to nano-stores in the congested areas of Mexico. The birth/death of its customers incur in logistics costs for the company due to they have to update their routing constantly.

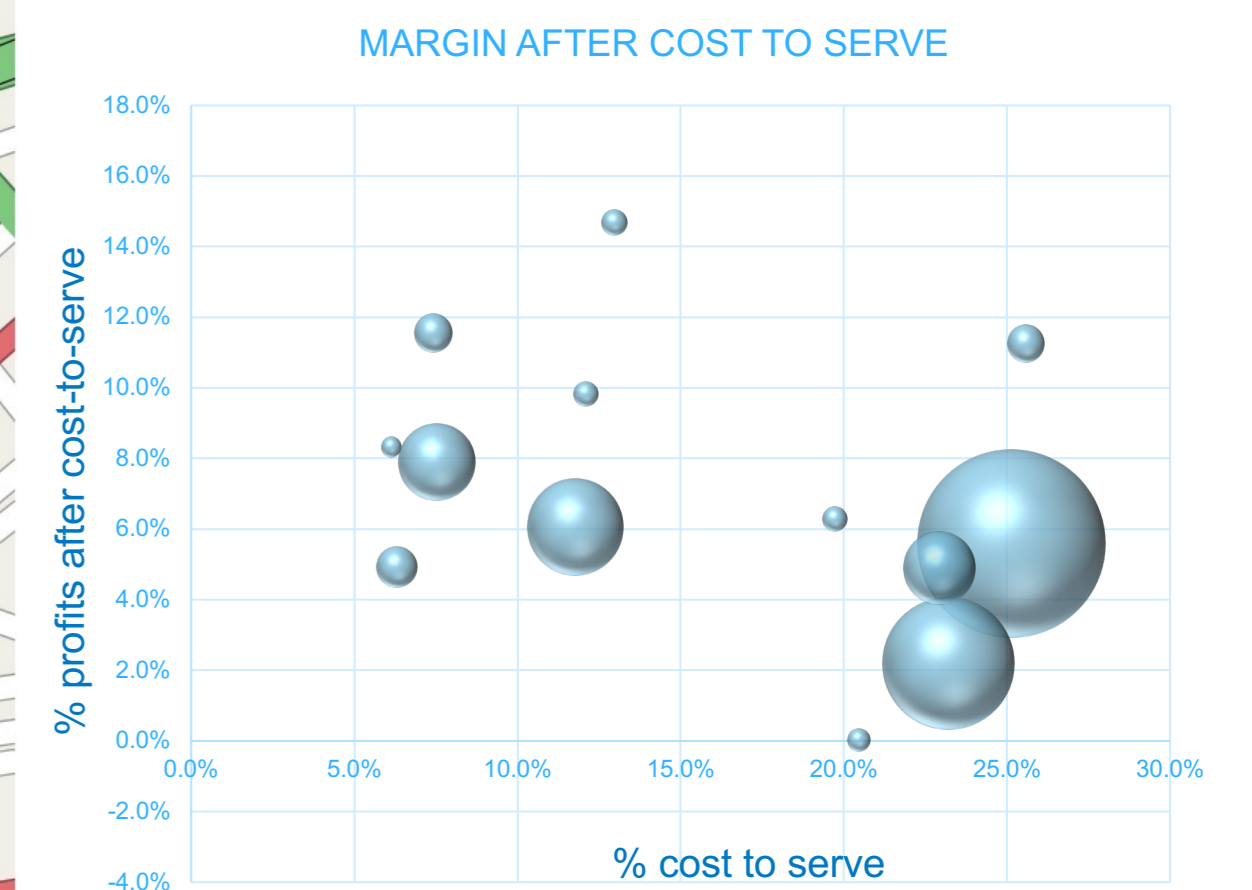


Methodology



Initial Results

By a Vehicle Routing Problem, we want to minimize the transportation costs by classifying the customers based on the COST-TO-SERVE and RATE of survival.



Expected Contribution

Provide the **COST-TO-SERVE** per nanostore to **CLASSIFY** Tenoli's customers

COMPARE the transportation cost of the ideal and real distance caused the new nanostores.

Create awareness on the CPG company regarding the importance to **LEVERAGE** with the nanostores so they can save money on logistics costs.

