



Castell Howell Foods Ltd

Cross Hands Food Park Cross Hands Llanelli Carmarthenshire SA14 6SX
Ordering Line: 01269 846060 General Enquiries: 01269 846080 Fax: 01269 846070
www.chfoods.co.uk

10 June 2021

Annwyl cwsmer, dear customer

It's a relief to see the hospitality sector open again, albeit with restrictions, and we look forward to a busy season ahead with bookings for UK 'staycations' and other activities buoyant.

We too have been getting back to capacity, and like yourselves are facing some significant challenges that, unfortunately, are not short term. I once again thank you for your support and understanding during this turbulent period. Due to circumstances across supply chain we have been forced into making some uncomfortable decisions, and are asking for your understanding and cooperation to enable us to carry out the most efficient service possible for the forthcoming season.

Here's an overview of our current situation and solutions that we have to put in place.

Delivery Driver Shortages

- Situation

Unfortunately, due to the drastic reduction in sales in 2020, our workforce decreased by over 100 colleagues. Whilst we now need most to return to the workplace, many have found alternative employment, this is a common theme across the supply chain.

We have been actively advertising and recruiting for several months, however as highlighted in the press there are over 75,000 vacancies across the UK for HGV drivers alone.

We too are currently short of drivers especially Class 2 HGV. Driving a multi drop vehicle for Castell Howell is a very different proposition to driving a limited drop schedule. Consequently, as you can imagine, it has been challenging to fill these vacancies.

It is important for ourselves to maintain our delivery frequency and service levels and we do not want to cut down any further by offering less deliveries per week, as we feel this would be detrimental to your business.

- Solution

Staff within the company who hold a HGV licence, such as some of our Area Sales Managers, are temporarily redeployed to the transport department.

To fill the above positions, in line with all UK wholesalers, we are having to increase the salaries offered to maintain the drivers we already have, and to attract drivers to join the team. Although we are able to absorb some of these salary increases, we regret to say that some costs will be passed on to our product and invoice prices.

Supply Chain Price Increases

- Situation

In addition to the above, our suppliers are also facing the same challenges and are therefore passing on their cost increases to ourselves.

- Solution

We will remain proactive in seeking alternative suppliers and negotiating deals to mitigate price increases.

Where this is not possible we will do our best to keep price increases to a minimum, as we fully appreciate the situation we are all in. We will continue to be as competitive as we can and will be open and transparent with our justifications. We have always operated with this policy, and on request will share our suppliers reasons for price increases.

Stock Availability

- Situation

Last August we experienced a huge upturn in demand for product whilst suppliers were struggling to manufacture under new social distancing rules. This year stock shortages have reached another level with the extra challenge of driver shortages within the haulage industry. Last Thursday, 03 June, we had 10 deliveries due to our depot that failed to arrive, at the time of writing some of these have yet to be delivered. We are receiving emails like confetti, informing us that our goods have been produced but the haulage companies have either delayed collection, or are refusing to collect for the foreseeable future.

- Solution

To build up buffer stocks, we are increasing our volume of orders, especially for commodity lines. Our aim is to mitigate future stock shortages the best we can.

We are constantly seeking substitute products from manufacturers who have the capacity to deliver, however this is becoming increasingly more difficult.

Service

- Situation/Solution

We are aware that our service level is not to our usual high standards. In order to improve the times of deliveries we need to make one more change, that will be critical to allow our warehouse team the necessary time required to pick, collate and load the orders to our delivery vehicles.

As of Sunday 13th June 2021 we need to change our cut off time for taking orders. These changes will be as follows:

- Deliveries from our Satellite Depots at Merthyr, Avonmouth, Chirk and Porthmadog

> As of Sunday 13th June, orders delivered out of our satellite depots (**Merthyr, Avonmouth, Chirk & Porthmadog**) will have an order cut off time of **6.00pm**. This will apply to phone, answering machine, website and app orders. Any orders placed after 6.00pm will NOT be processed until the following morning.

- Deliveries from our Cross Hands Depot

> As of Sunday 13th June, orders delivered out of our **Cross Hands** depot will have a cut off time of **8.00pm**. There will be no live calls after 6.00pm, however orders can still be placed on the answering machine between 6.00pm – 8.00pm, and they will be processed for the following day delivery. The answerphone will still be on from 8.00pm, however **NO ORDERS** will be processed after this time for delivery the following day. The after 8.00pm facility will allow our customers to place orders for later in the week.

We encourage all customers to place their main orders as early as possible in the day, preferably before 4.00pm. This will ease the pressure on the Telesales team, and will allow them the time to inform you in advance of potential shortages and offer suitable alternatives.

These changes go against the grain and were extremely difficult decisions to take, however it is imperative to implement these in order to continue operating under these difficult circumstances, whilst still maintaining a high level of service.

May I once again thank you for your support, patience and understanding, during the last week especially, and look forward to working with you over the next few months and the years ahead.

Diolch yn fawr

Kathryn Jones
Sales Director