

# The interview

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Santa Claus →



**On Christmas Eve, Santa will be travelling around the world perfecting the ultimate air freight shipment. It is the biggest logistics job in the world, getting presents to children in every continent in just one night; but year after year, he gets the job done, on time and in full. Focus recently spoke to Santa to find out how he guarantees that the right gift is delivered to the right child in the right home at precisely the right time.**

**How do you ensure an efficient and effective delivery to all the children around the world on Christmas Eve?**

With today's global population clocking in at 7.125 billion people, we estimate that there are approximately 2.375 billion children currently at present-receiving age. My team believes that 32%, around 760,000,000 children, celebrate Christmas. On average, each house has approximately four people, meaning I stop more than 433 million times. Even when you exclude the ones who, despite all our work on loyalty and retention, have lost their belief in our brand, there's still a lot to get through in one night.

Our operation is co-ordinated from our head office at the North Pole, and relies on an integrated solution that comprises a manufacturing system that allocates production, document management and a warehousing system that ensures the parcels are wrapped, barcoded and stacked in the outgoing delivery area, ready to go onto the distribution phase that is managed by transport planners in charge of route optimisation.

**What challenges do you experience throughout your operation?**

However well you plan, there are always last-minute changes and problems when out on the delivery run; if, for example, a chimney has been bricked up or a child is still awake, I'm not able to make the drop, but have to reschedule on the fly.

Time is always a factor, too. Years of planning has allowed us to plan our route perfectly to allow for time zones to work in our favour, so if we begin at 22.00 hrs in the Far East and work until 07.00 hrs in the west, I have around 22 hours of operating time.

Unfortunately for us, time isn't a variable and it is always a challenge to deliver the goods to all of the households. For me, while the time constraint remains stubbornly fixed, in the last half-century the number of children aged 14 or under



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certainly has not; it's increased by more than 60%. What's more, population growth has been concentrated in areas a long way from our base in Lapland.

**Could we see your operation develop globally with distribution centres in more than one location?**

Like industry, I am focused on being more effective, while reducing carbon footprint. We have done some research, and looked into expanding our operation into other areas. Given the increased demand we are facing, it is logical for us to invest in a set of Regional Distribution Centres (RDC) tactically placed around the world. We are planning to expand, starting in South America, estimating that one strategically placed RDC in Brazil could save more than an hour for deliveries in that country alone. Any process that can save us time and reduce our impact on the environment is absolutely fundamental to our operation in the years to come.

**How do you believe you can work better with industry to build a more fluid and functioning operation for everybody?**

Everything consumers do and buy affects our daily lives and in turn our operation. So much of what we buy, from our food to our clothes and technology is delivered to our doors. I would like to see industry work together to share routes, traffic management information and work out the safest routes for deliveries in the air, on the ground and on our seas. Sharing of data like this will contribute to thinking about how to make other delivery services more efficient for the other 11 months of the year.

We must work closer to understand every step in the supply chain. It is vital that you work with suppliers all year to make sure you can predict the materials needed for the rise and falls in demand. I am a firm believer that within the supply chain there must be no surprises.

**Can a logistics company possibly meet Santa's performance, especially during the festive seasons?**

To the naked eye it may seem like we run a seamless operation, but it is far from it and requires months of planning. You need an efficient end-to-end solution that can plan, optimise, manage, track and assess the entire transportation process.

The biggest challenges of transportation management include accounting for all variables during fleet planning, ensuring compliance during driver rostering, tracking and tracing consignment status, accurately predicting time of arrival, managing real-time disruptions and ensuring that the last mile is cleared efficiently. You must ensure your routes are planned and calculated to their fullest, and your fleet is



checked for a safe load and guarantees a smooth ride for its driver. Breakdowns are the last thing you need under the pressure of Christmas delivery.

**How do you counter customs control problems, and has political uncertainty around the world impacted your operation?**

As with all shipments, we have to prepare the cargo way in advance. There has to be no surprises on the day, with our load classified and declared well ahead of the time it departs. Frictionless borders are of paramount importance to allow us to continue this process. It is vital that we complete the paperwork and acquire the certification to allow us to fast-track through customs, running a trusted, safe, secure and efficient supply chain. It is imperative that we classify and manage all the components that go into gifts while managing costs and mitigating supply risks.

**What impacts have you experienced from the rapid rise in technology through our sectors?**

Navigation. Let's start with the obvious. GPS devices have dropped to 10 a penny since the launch of the first GPS satellite in 1978. Rather than using an old-fashioned map and a trusted route, I am now fully reliant on a high-tech system to optimise my route, provide turn-by-turn directions and avoid air traffic control congestion. Weather information alongside this allows me to optimise routing and improve delivery times.

Embedded analytics allows my team to provide me with all relevant transportation information and ensure that my fleet of onboard drone technology can be programmed effectively for faster and more accurate drops from the sleigh to the chimney.

Within the warehouse, we've made full use of quicker sleigh-loading, incorporating conveyor belts and robotic arms, which have largely replaced much of the traditional workforce. Technology has also had a major impact on manufacturing. We manufacture our own goods, as well as our transport, another aspect of the operation that has adopted technology to lighten the load on our workforce.

**How has consumer behaviour turned Santa into a retail revolutionary?**

In days gone by, there was no other option but to hand deliver every present. Today, however, it is a completely different story. Click-and-collect outlets and drop stations from around the world have freed up more time, with many parents now making the effort to collect more presents from Santa's stations, reducing the number of households that I have to visit on Christmas Eve.

There has been a 5% growth of click-and-collect orders year on year since 2012, which has reduced my travels by 379 million km last year. Of course, persuading parents to switch from home delivery to click-and-collect is still a battle, but is significantly reducing the impact of the last mile delivery.



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I believe a major impact of my role has been influenced by changes in present preferences. Children are more frequently asking for smaller presents than previous generations did. We estimate that while the sleigh could only accommodate about eight rocking horses and 400 big teddies in the mix, it can fit in over 7,000 Apple Watches or 10,000 selfie sticks, with a bulk order of iTunes voucher cards stuffed in the back pocket, significantly reducing the time needed to complete deliveries by a sizeable four-and-a-half hours.

**The industry is experiencing a considerable skills shortage. What has your team been doing to conquer the gap?**

An explosion in demand, which can be put down to various aspects of the Christmas season in recent years, such as e-commerce, bargain days and buy-now-return-later shopping mantras, has made Christmas a serious sleigh-ride that continues to get tougher every year. Like all parts of the profession, our head office suffers from a skills shortage, from pickers to drivers, riders to planners.

I know that, for example, Amazon is in the process of recruiting an additional 19,000 seasonal workers this year, while the Royal Mail is recruiting the same number of staff to help distribute the post over the festive period, and we are always on the lookout for staff, especially when demand reaches its peak. While this may look like a one-man show on Christmas Eve, the hard work, knowledge and efficiency of our staff throughout the year ensures a hitch-free Christmas delivery.

As technology evolves, we have been focused on recruiting highly skilled IT engineers and a design team working on sleigh lookalike driverless vehicles that we expect to be in the sky in the not too distant future. We all know I could do with a little help as I get older.

I do, however, believe that there is a firm place for the traditional workforce to remain in the industry and not seek other, more luxurious jobs: Tolkien and Rowling spring to mind. Technology won't work without great people at the helm. We will still need analysts, planners and innovators to ensure this process continues to be seen as a flawless supply chain.

