The current situation in the fast moving consumer goods market in Russia is changing drastically: the growing influence of retail chains on the manufacturer and the dynamic growth of logistics intermediaries make wholesalers seek all possible ways to ensure the reinforcement of its market positions. There are following main trends in the development of wholesale trade market in Russia:

- The turnover of wholesalers in Russia is growing and the direction of goods distribution is changing.
- Logistics infrastructure of merchant is in progress.
- New models of relationship between finished-goods wholesalers and manufacturers are appearing.

Practice shows that the main tool of competitiveness improvement and even more survival of merchants is an effective alignment of logistics. Distribution network design, ensuring maximum market cover with optimum costs of promoting trade flows based on the customer requirements is becoming the most important task of any wholesale company.

Design of the rational distribution network (or its reengineering) is often the response of the company’s logistics to the implementation of new corporate strategy involving changes in territorial consumers’ penetration, growth of sales or service policy shift. Logistics can initiate the distribution network reengineering making a decision about the distribution strategy switch or ineffectiveness of existing network after its thorough analysis. In this case existing distribution network is usually reorganized (or reengineered).

In this paper an algorithm for design and reengineering of logistics distribution network is proposed, which is based on the models of supply chain network structure optimisation, system analysis and benchmarking. The algorithm comprises the following steps:

1) Analysis and assessment of the existing logistics network distribution performance.
2) Identification of the main paths of logistics distribution network reorganization.
3) Direct design (reengineering) of rational logistics distribution network:
   3.1. Forecasting of sales and markets development.
   3.2. Analysis and evaluation of the use of both existing distribution system and specific supply chains in the proposed paths of logistics distribution network reengineering.
   3.3. Selection of distribution systems for each trade area.
   3.4. Definition of the optimal structure of the distribution system.
   3.5. Creation a set of alternative logistics distribution networks.
   3.6. Choose of a rational logistics distribution network and determination of costs associated with its implementation.
   3.7. Monitoring and control of the logistics distribution network performance.
References