

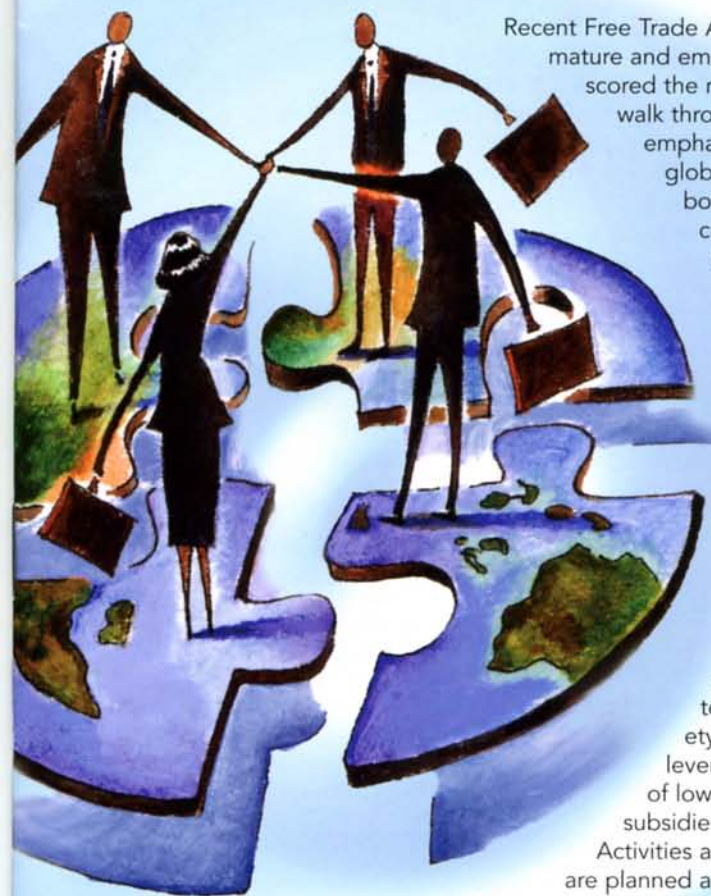
CSCMP Supply Chain COMMENT

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GLOBAL TRADE MANAGEMENT—

Evolving from a **FLAT** to a *Dynamic* World

by Carla Reed



Recent Free Trade Agreements between both mature and emerging nations have underscored the reality of global trade. A walk through supermarket aisles emphasizes the accessibility of a global harvest. And, the global bounty is not limited to the corner grocery store. Every day, prices keep dropping as the nations of the world pass the baton of consistent manufacturing processes from one tier to the next.

Concepts like "lean manufacturing" are being embraced, building on the cornerstones of continuous process improvement, skilled people, and ever-more robust information technology. It is now possible to create products in a variety of geographic locations, leveraging the combination of low-cost labor, government subsidies, and trade incentives. Activities across this "virtual factory" are planned and performed by a diverse team of entities across geographic divides. All share a common goal: better, cheaper, faster.

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When Is It Time To Assess Your
Current Automation Set Up?

Ed Huller on the Power of Positive Leadership

by Madeleine Miller-Holodnicki, ABC

Ed Huller is a world-class leader. Here's how he defines leadership:

...having a vision of where you want to go, creating a path to get there, setting high expectations for people, and expecting them to exceed those expectations...

In his new role as Chair of the Council of Supply Chain Management Professionals' Board of Directors, Ed Huller wants to bring that dynamic vision to CSCMP. His agenda will focus on international activities and efforts; supporting CSCMP's global roundtables; reaching out to and engaging senior supply chain management leaders and professionals with non-logistics backgrounds; and, collaborating with other influential organizations.

These four goals will be the key drivers in Huller's year-long tenure as CSCMP's Board Chair. He believes that each one is essential—no, critical—to provide increased value to professionals worldwide as their roles continue to change and evolve in a complex and challenging global business environment.

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When Is It Time To Assess Your Current Automation Set Up?

by Ron Grove

Know the Warning Signs

There are several warning signs that your system may no longer be adequate, though the specific signals can vary by industry or the performance criteria that's most important to you.

1 The first warning sign is **changes to the business**. If you're adding new product lines, for instance, picking up a new customer base, or changing the minimum order quantity (either up or down), these can have a strong impact on your operations. If you're dealing with any of these kinds of changes, you need to analyze your system now, rather than wait until you're faced with a crisis.

2 The second sign is **declining performance**. If you notice that on-time shipping performance is slipping or that the percentage of overtime hours begins to increase, you need to start investigating.

In addition to productivity, you'll also want to be alert for increased damage. Automation problems can contribute to damage in numerous ways. You may see damage from excessive line pressure, as fragile items are forced together at the accumulation point. One visual clue to this could be shingling, where one item runs on top of another because of line pressure. From the process side, poor slotting or order sequencing can cause damage if you have heavy product coming down the line behind fragile product.

3 A final area to watch for is **labor utilization**. Some very large facilities use "floaters," people who walk around and make sure that there are no jams on or operational issues with the conveyor. Tracking how these individuals spend their time can be an early indicator of problems. If you don't have "floaters," ask the people who work with and around the conveyors if they've noticed trends, etc.

Look at Process Management

If you notice any of these warning signs, look at the equipment in the current state to determine what the difficulties are. Is it constantly full or a bottleneck for the operation? Is it underutilized?

Once you've identified the problem, you need to determine the underlying causes. Keep in mind that there could be several, and that they may not even be related to the equipment itself. If the sortation area of the conveyor is constantly backed up, evaluate how to sort and release orders. If you're doing pick by label when the warehouse management system (WMS) releases work, is it randomizing the label order? Suppose you have 40 lines, with a door per line, and every line gets a varying quantity of the same item. Some systems might print the pick labels in downline order: the first 15 for door one, the next 20 for door two, and so on. This will cause congestion as you fill up one lane at a time. Instead, look at ways to randomize this process so the first label is for door one, the next for door two, door three, etc., so that when the items get to the sorter, they're spread out.

The first question you should ask after identifying the problem is: **"Is there any way I can achieve my goals with little or no capital investment?"** In the last example, you could solve the problem by changing the WMS processes rather than investing in new equipment. If you can't solve the problem by changing your processes, try redeploying the existing equipment.

Finally, **before investing in a major facility overhaul, look for ways to enhance the current system with relatively minor investments**. We've seen many DCs optimize their automation with small equipment modifications like replacing a bow arm divert with a steerable roller as their businesses grew.

As a final piece of advice on DC automation, we would like to warn you against over-mechanization. Even with conveying and sortation equipment, it still takes a person to put the case on and to take the case off. There are a lot of good applications for conveyors, but we've also seen them over-applied. Some managers think they need a conveyor through every single zone, but in reality, it may be better to do batch picking and transport product to the consolidation area or shipping dock via forklift with slower moving zones. ■

Ron Grove is a CSCMP member and the Vice President of Facility Design and Material Handling Engineering for Tom Zosel Associates in Long Grove, Illinois.

