

JUST-IN-TIME FOR WHAT?

Without good planning and forecasting, expedited shipments can arrive just in time for a crash landing.

BY WARREN THAYER

Turns are faster than ever and inventories are down. But that also means the margin for error is getting smaller all the time. Accordingly, logistics providers have ramped up their sophistication on technology and are jumping through hoops to meet new demands of both retailers and manufacturers.

Margin Squeeze

But at the same time, the tight economy and stiff competition is squeezing margins just when some warehouses have more space available than they'd like. Overbuilding caused some of the space problem, but the just-in-time trend is contributing as well.

"Just-in-time is making it a very competitive market on the logistics side," says Bill Cook, director of business development, Millard Refrigerated Services, Omaha, Neb. "As a result, we're all working harder to become more efficient and drive productivity higher."

So what are logistics providers doing to stay competitive and increase productivity? And how can their customers work with them most efficiently on just-in-time?

Cook says Millard has focused on "technology, hiring more quality people, and giving them the tools to make it happen." He and others agree that logistics providers and their partners need to work on planning, as well as those pesky details

that slow things down.

Thorough advance planning up and down the supply chain can go a long way to speeding shipments and reducing costs, says Tony Lucarelli, exec vp, Henningsen Cold Storage Co., Hillsboro, Ore.

While many technology and communications issues have been worked out in recent years, some low-tech but significant problems remain. For example, there's still considerable disparity between pallet programs used by retailers and manufacturers, Lucarelli points out.



Time and Expense

"The more that can be resolved there, the better," he says. "We also see lost time and extra expense because of the lack of standardization in pallet configurations among retailers."

Other logistics providers agree. With different retailers wanting different pallet heights and configurations, pallets from vendors often have to be reworked at some point, unless everything has been planned out well enough in advance.

Once again, providers agree, pre-planning can help enormously. As often as possible, it's ideal to have production facilities palletize shipments to specifications of their individual customers, so that the

warehouse or logistics provider doesn't have to restack everything at some point further down the line. Sounds simple, but it doesn't happen nearly enough.

Bob Burris, CEO of Burris Refrigerated Logistics, Milford, Del., says planning around holiday periods is particularly important. This is a time when inventory turns can be extremely rapid, and the room for error is very small. Accordingly, Burris personnel have sit-down meetings with customers to go through holiday orders, item by item. The company customizes deliveries of refrigerated items with short shelf lives, picking to order and leaving no residual inventory. This way, the retailer gets as much time as possible to sell the product before it goes out of code.

"We get input from retailers on how much they expect to sell, when product goes into the store, when promotions are and so on. Even with good past history, communication is crucial," Burris says. "Some items may go up by 200 times their normal level, and then go way back down after a holiday."

Accurate Forecasting

Accurate forecasting of consumer demand is increasingly important as just-in-time efforts continue, notes Keith Mowery, director of transportation and logistics for United States Cold Storage, Voorhees, N.J. Given today's shorter lead times and faster turns, even a small glitch can cause big problems.

"If the product arrives before the outbound trailer departs, the expectation is that the product gets on the order. With the demands retailers have on manufacturers, it is up to us to make sure it happens," he says.

United States Cold Storage uses a proprietary warehouse transportation management system to handle planning, execution and reporting for its customers, down to the SKU level. Customers can tap into the system in real time. ■