



Chew on This: Adding flavour to Wrigley's supply chain

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By Richard Rix

Logistics provider boosts Wrigley's supply chain

In little over 10 years, Kuehne & Nagel (K&N) has gone from being a traditional kind of ocean freight forwarder and distribution services company to a broad contract logistics service provider, with modern facilities around the world and the latest in information systems technology at its fingertips.

As the latest step in its strategic concept to offer integrated contract logistics solutions on a global basis, K&N recently acquired USCO Logistics based in Hamden, CT, responsible for 1.4 million square metres of warehouse space in North America.

In Canada, K&N operates major facilities in the Toronto area (back-to-back 30,000 square-metre facilities in Mississauga), Montreal, Edmonton and Winnipeg. They total 260,000 square metres, with a further 44,000 square metres to come by the end of the year.

At the Mississauga location, K&N performs contract logistics services for such clients as Payless ShoeSource, Walt Disney Co., Flecto Company Inc. (Varathane), Nortel Networks and Wrigley Canada, which has a product line that includes Excel, Big Red, Extra, Freedent and Hubba Bubba.

When the account came to K&N on a contract logistics basis in October of last year, Wrigley imposed strict demands on K&N for accurate order picking and a radio frequency (RF) method of blind-checking completed orders. K&N could pick by RF or paper and that was its choice. However, the checking method had to be done by RF.

The goal was to provide "real-time" results, without stalling the order-filling process. The checking method also needed to be based on the bar codes that appear on cartons and cases. Checking by weigh scales wasn't an option, since it can't differentiate among different flavour gums.

As they arrive from Wrigley by EDI (electronic data interchange), product orders are downloaded to a PC in the picking area. "After the order has been picked, the checker begins with a blank screen, knows just the order number and begins scanning away," says Ken Mist, K&N's national manager, information systems.

"Only when he/she has finished, is it clear whether the order has checked fine or not. The purpose of the blind-check of the completed orders is to ensure that nobody in the checking process takes shortcuts or makes assumptions. Everything on the order also gets individually checked and coordinated with the internal system order number."

Mist says the Wrigley operation can get extremely busy, with large stock orders bound for Zellers, Sobey's, Costco, Wal-Mart and other retailers. Everything arrives pre-packaged, and it's truly a pick-and-pack operation for the less-than case-load quantities.

Picking Plus

The order-picking area is contained in a four-high bank of gravity-flow racks, with orders picked to cartons or totes on a gravity conveyor that extends to the checking area. Reserve stock and full case-load picks are contained in an approximate 2,000 square-metre area of the facility, in pallet racks up to six high. Warehouse Systems Inc. of Concord, ON, installed the racking to CAD drawings by K&N's own project management team.

"There are about 100 SKUs (stock-keeping units), and the product is date-coded to ensure first-in/first-out (FIFO) rotation. Some product turns extremely fast, so there's never a problem," says Mist. "For some product trying to build momentum, however, we rely on the warehouse management system (WMS) to handle FIFO."

Nevertheless, for a specialized function like order checking at the local level, K&N needed to go beyond the "package" solution contained in the WMS, which is why it turned to Automation Associates, for a personalized solution.

Wrigley Canada wanted "real-time" results, without slowing down the filling of orders.

"We've dealt with Automation Associates for many years as a supplier of equipment, including Symbol model 6840 PDTs (personal data terminals) and wireless wedge scanners," says Mist. "We knew of the company's RF Pathways wireless pick solutions and how its modules could also be used to address specific issues at the local level."



Automation Associates wrote the software for order-checking and had it installed and running within four weeks last fall. Its server is a Windows NT-based PC that sits in the warehouse and is connected on the LAN (local area network) to the WMS server, as well as to access points that communicate with the PDTs by RF. The PC has the picking database and manager's console and can delete, import or otherwise manipulate order data.

"Operating with RF wasn't a problem, since all of our new buildings are wired up with access points for RF," says Mist. "All the main processes for logistics are handled on an IBM RS/6000 UNIX workstation out of our 65,000 square-metre facility in Brampton (about 12 kilometres away). Order-picking and inventory functions are first-rate, but the needs for checking a specific segment of inventory in a specialized way led us to invite Automation Associates to develop the solution."

The order-checking program validates information against what exists on a database. It amounts to the application of a pre-existing module, designed and developed by Automation Associates, onto the current technology backbone, so that it can serve as a process validator. Some 90 percent of that module can be applied to similar order-

picking applications, with only a nominal amount of customization, generally by way of front-end configuration.

All fields are scan-enabled with the Symbol PDT 6840. The user can scan either the UPC (universal product code) or SCC (shipping container code) that can be any symbology containing 14 alphanumerics. The database itself will, as necessary, translate the number of units per case. Therefore, the SCC is generally scanned. However, for less-than-carton-load lots, the user can go straight to the UPC on individual units without hesitation.

"Automation Associates set up the system, so that the checker can scan a box or individual retail carton by the different codes with the same Symbol PDT 6840 scanner," says Mist. "The checker scans the code and enters the order quantity, which is checked by the computer against what's supposed to be shipped. If he/she misses a scan and just carries on, the system will flag the item on the computer screen, so that the checker will be alerted to the error."

Before any product can be released to Wrigley's customers, picking data must be identical to the actual picked/checked data. Not only are all orders verified, there are never any shortages or partial orders--the order must be full and complete to be shipped. Wrigley was part of the decision-making process for the Automation Associates solution in that it scrutinized and authorized the design document, according to Mist.

"Contract logistics service providers must work very closely with their clients these days, getting involved in their planning and being part of the whole business procedure," he says. "Major clients will even see and approve the layout of buildings before they go up."

"Most logistics business now is conducted on long-term contracts in the region of three years, sometimes as high as 10 years. Not so long ago, it was monthly. This does afford the luxury of long-term planning and helps justify the extra expense that goes along with it."

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