



# Getting it there is most of the battle

*Meeting demands of a highly competitive marketplace is challenging the efficiencies of the distribution system.*

*By Huston Keith*

Opportunity knocks at the warehouse door for the meat industry. Opportunities are created by change and plenty of changes are occurring in the meat distribution system. Look at two recent trends: Domestic customers are demanding lower cost products delivered "just-in-time" in smaller quantities; and export demand for American meat products is exploding. To meet these challenges meat distributors are turning to technology and creative approaches.

**It's getting ECR!** More than \$30 billion in savings are available to the total retail food industry from applying a concept called Efficient Consumer Response (ECR), according to a recent study by Kurt Salmon Associates. What is ECR? "It's a new word for what everyone's been trying to do all along," says Alan Davitian, vice president of Arctic Cold. Echoes David Jenkins, director of J. Sainsbury International, "It's proven technology combined with common sense."

Delivering products to market quickly at a lower cost is the goal of ECR — and the current meat distribution system. But ECR offers technology weapons to achieve this goal: bar code scanning and electronic data interchange (EDI). It's not futuristic "Star Wars" technology. "The computer systems, software

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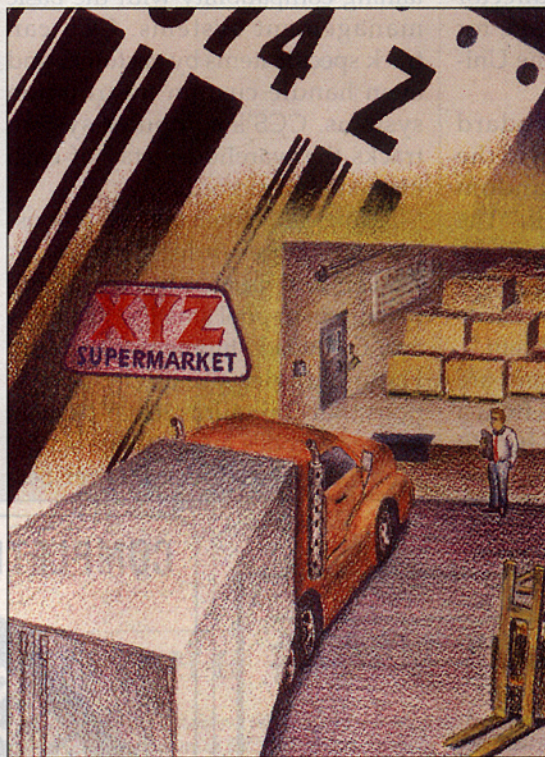


Illustration by Dean Helmke

and scanners are readily available," says David Boffa, marketing manager, IBM Midwest Wholesaler-Distributor Support Group.

**Scanners are popping up everywhere!** Those ubiquitous scanners — present in nearly every retail outlet — are finding their way into public and processor warehouses. Commercial Cold Storage, Inc. (CCS), of Atlanta plans to install radio frequency (RF) scanners and computer terminals in each forklift, says Doug Martin, executive vice president. Because all items and locations will be barcoded, pick orders can be made up instantaneously just before the truck arrives, assuring accurate shipments and proper stock rotation.

Bar-S Foods Co. of Phoenix also

invested in RF scanners, and labels every case and pallet in its new Altus, OK, distribution facility with a barcode. "The time required for physical inventory is substantially less than our previous manual system," says Bob Uhl, executive vice president at Bar-S. "Plus we can better manage our sell-by dates against customer requirements. With our new computer system we have total control over a product recall because we know the distribution of every box."

But barcodes have hardly mastered the

universe of distribution. Some are skeptical, citing early problems with scanner operations at low temperatures. Not anymore, asserts IBM's Boffa. Uhl and Martin report good performance, as does Gary Laack, director of distribution for Johnsonville Foods. Johnsonville has assembled a team to address upgrading its distribution system.

While most of Uhl's customers have not asked for EDI and barcodes, "I guarantee it's coming," he says. Bar-S requires its co-packers to use barcodes and is preparing for direct customer EDI links.

Wisconsin's Kenosha Beef and several others are leading the industry in applying barcode technology to their operations; however, full

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scale industry implementation has not ensued.

In terms of product identification, most companies create their own numbering systems for identifying random weight items, such as strip steaks, rather than adopting a universal code, says Mark Vignieri, Kenosha's M.I.S. director and perishables representative for the technical committee of the Uniform Code Council.

Although there is a standard product identification code, the URMIS standard, for random weight items, few are using it. "The barcode standard has existed for the past three years," Vignieri notes. "If we implement uniform standards for the industry, we can all benefit."

**EDI efficiencies:** While many are reporting substantial benefits from a barcode system, the greatest benefit is in linking computers of all trading

partners to transmit orders and invoices. Martin says CCS has already linked with major customers, including a large supermarket chain. Its fourth generation UNIX-based computer system will permit using custom systems for individual customers, while maintaining compatibility with the basic management systems. CCS can track specific items by customer and even handle custom information systems. CCS's computer system tracks the warehouse stay of each item and bills accordingly.

Using EDI, Interstate Warehousing coordinates orders from major retailers and wholesalers with manufacturers to pool smaller quantities into truckload shipments, says Milt Hamman, vice president, operations. Bar-S requires its co-packers to use barcodes and is prepared for direct customer links. Freezer Ser-

vices of Omaha has developed a state of the art paperless computer system to become a leader in this important technology, affirms Barry Smith, president. This is fully functional with both EDI and barcodes.

**Putting it together:** The most sophisticated technologies available will realize just a fraction of their potential without close cooperation and trust between trading parties. This philosophy paid off for a fresh meat company, according to Greg King of Power Logistics. Power built a 135,000-square-foot distribution facility for the company, opening it only 20 weeks after groundbreaking. Volume doubled within three years and staff was reduced by 39 people, showing the customer a 15 cent-per-case savings based on Power's cost plus/open book arrangement.

**No more "sittin' on the dock of the bay"** To ensure the faster response

needed by retailers, more warehouses are turning to crossdocking. "We need to be more streamlined in handling practices," says Wiscold Inc.'s Senior Vice President Ray Wheaton. Says Davitian of Arctic, "The physical handling is the easiest part, communicating information is slower." To make crossdocking work more smoothly, CCS's new computer system is equipped for "pre-receiving". By knowing the contents of an incoming shipment two to three days in advance, the outgoing truck can be scheduled simultaneously. Pallets can then be directly unloaded and re-loaded. CCS uses this service for distributing railcars of Australian and New Zealand meat and seafood in truckload quantities to processors throughout the Southeast.

Freezer Services uses this sophisticated system in its E. Dubuque, IL,

facility to process shipments for Dubuque Foods and FDL immediately. This is essential for a fresh pork product where total shelflife is more limited than other products. According to Ken Hudnall, director of sales, Freezer Services can commingle co-packer products to obtain better warehouse and shipping efficiencies. Interstate obtains truckload cost for less-than-truckload shipments by mixing customer shipments, creating fast growth for its new service for refrigerated foods.

**Export opportunities:** In the midst of these sophisticated techniques, sometimes a "low-tech" solution is the most efficient customer response. The N. O. C. S. Group, for instance, has been handling the booming export sales of poultry dark meat to Eastern Europe, according to Mark Blanchard, vice president, sales and marketing. Because of the tremen-

dous demand for low cost proteins, exporters often ship 5-7,000 tons of frozen poultry at once. But — despite increased handling — it's often half the cost to ship in bulk rather than containerized because of increased utilization of the cargo area, says Blanchard.

Furthermore, destination ports may not be equipped with container handling equipment and labor costs are much less than here. But staging such huge quantities must be "carefully coordinated and orchestrated," adds Blanchard.

Whether it's domestic or export, the distribution system is equipping itself to carry meat products to market as quickly and efficiently as possible. As challenges for lower costs, faster handling, and better information arise, warehouses will be ready to serve the meat industry. ●