

## **Dock to Stock**

An article for Sage by Steve Epner

It is a seemingly simple operation. Receive something, put it away, and then try to sell it. Yet, there is much time and money lost in this often misunderstood step in the distribution organization.

Most people consider the process to start when a truck arrives at the receiving dock. But, what happens if you back up a step? What? What can an average distributor do before the truck backs up to the dock and starts to unload? Plenty.

First, a sophisticated distributor can schedule deliveries. Each driver can notify the company in advance of when they expect to arrive. By doing this, a distributor can eliminate most traffic jams at their limited number of docks. It can also eliminate space problems inside when trucks are unloaded so quickly to get respond to yelling drivers, that they turn the receiving space into a disaster area.

The drivers appreciate it as well. They can better schedule their own time. Maybe they can drop off a second LTL delivery first or grab lunch. Either way, their time is better used and that is good for everyone.

Next, if the shipper sends an “advanced ship notice” the computer can identify any incoming product that can be shipped out as soon as it arrives. By planning for cross docking, there is significantly less handling of product which makes the warehouse operation much more efficient. All shipping labels and special instructions are ready and waiting for the product to arrive.

In addition, if some product arrives without barcodes, these can be prepared in advance. That way stock is not waiting in limbo while labels are printed and carried to the receiving dock for application. The personnel who are needed are scheduled at the right time maximizing the use of available resources.

Finally, if large shipments are expected with product for stock, put away space can be freed up in advance so that it is easy to put things away quickly and efficiently. Maybe there are special locations for bulk back stock items. With a bit of advanced planning, it is easy to have the right amount of space ready and existing back stock moved up to normal picking locations as part of the previous day’s procedures.

When the delivery truck arrives, it is time to jump into action. The first big money leak occurs when product arrives, but is not received into inventory and therefore cannot be sold. There are many examples where purchasing sees an out of stock situation, so they order extra

product and get it expedited to satisfy a customer need, when the product is actually sitting on the floor waiting to be checked in.

One easy way to handle this problem is to require suppliers to send an electronic advanced ship notice (ASN) that identifies everything that is to be delivered. The shipment arrives with a large barcode often called the license plate. This code ties the receipt to the advanced ship notice. Then, based on having a quality supplier, everything that is on the ASN is automatically and quickly received into inventory. Until it is put on a shelf, its picking location is the receiving area. By adding this step, excess stock orders, expediting costs, and double work for purchasing is all reduced. Actual receipts are audited during put away and poor trading partners can be charged or otherwise penalized for inaccurate shipping.

The put away location is another area where gains in productivity can be realized. Instead of keeping stock “where we have always kept it,” modern computer systems can identify the best locations for each item. They look at velocity (how fast the item turns) so that the fastest moving items are kept closest to the dock. They consider “cubes” so that ceiling heights and load bearing shelving are used to the greatest degree possible. It is even possible to locate items that are normally picked together near each other to minimize “wandering” through the warehouse to pick an order.

An additional advantage of the “random inventory location” is that the company can reduce picking errors. Since no one can guess they know where the proper product is located, they must follow the computer’s direction. Then, when they get to the location, it is unlikely that similar items will be so close that it is easy to pick the wrong one.

Of course, that is where barcodes come in. But that is a topic for another article. Just recognize that the simple procedure of getting inventory from the back of a delivery truck to where it can be sold is more complex than most people realize and is loaded with opportunity to improve operations.