

Viewpoint

Retail Distribution:

Achieving Robust Receiving in an Automated Environment

Receiving processes in the retail distribution environment offer significant variability due to issues relating to vendor compliance, system capability, and exception process development. Furthermore, the speed and manner in which inventory is received can negatively impact flow of goods, labor costs, store planning, and vendor payment. For those reasons, developing a robust receiving area is vital. The following three points detail ways in which robust receiving can be achieved.

1. Vendor Compliance

Robust receiving does not mean that chaos is a preferred method of operation. Developing a strong vendor compliance program is necessary to help reduce the variability faced at the receiving door and to prevent exception handling from becoming the standard. A vendor compliance program begins by properly defining requirements in a manner that can be understood and implemented in a reasonable manner by a majority of the vendor community. It should be understood that not every vendor will be able to immediately comply with every requirement. A company must be committed to not just communicating expectations but also to providing assistance in ASN generation, proper carton labeling, or pre-ticketing creation and application.

Too often, the words “vendor compliance” evokes images of a large corporation forcing its will upon small businesses. Accountability is

important, but heavy handed vendor charge backs can create animosity and become counterproductive in the long run. Positive reinforcements should be implemented in conjunction with new vendor compliance programs in order to recognize and make an example of vendors who most consistently comply or who are the first to adopt new requirements.

2. System Capability Definition

It is tempting to draw focus away from receiving processes and instead place it too heavily on wave planning or picking functionality when performing a WMS package selection. However, a robust system in receiving can often reduce the complication that surrounds downstream activities. The challenge, though, is that receiving supervisors or managers operating in a manual environment may not be fully aware of all the functionality they may need in a more automated environment. It is absolutely essential to define current processes, understand what specifically should be supported in a new system, and understand what activities should not be supported in a new system.

For example, it is important to understand how a new system could be configured to handle overages, off standard case quantities, off standard inner pack quantities, varying case or inner pack dimensions, and multi item cartons. In addition, it is important to investigate how

well a new system would interact with other systems in the facility or throughout the supply chain. It might not make sense to receive inventory for placement in storage today if that same inventory could be received a day later for cross dock directly to a shipping trailer. The decision to hold off on receiving a trailer for a period of time could be beneficial, yet cannot be made unless systems are interacting in a manner that prompts the correct action to be enacted.

3. Exception Processes

Implementing a well run vendor compliance program and choosing the right system reduces waste and confusion that can occur during the receiving process. However, there will be times when vendor compliance and properly implemented systems are not enough. Being able to account for these situations ahead of time through specific procedures and controls keeps inventory from being delayed at the receiving door and out of designated trouble staging areas.

The desire of any company seeking robust receiving should be to eliminate exception scenarios through continuous improvement first in vendor compliance and second in system adaptability. For that reason, it is important to

not become complacent with the occurrence of these types of exceptions. Developing and becoming proficient in a short term solution may be necessary, but it is not the long term answer. It is important to track exception frequency, cost, and root causes in order identify which issues should be addressed first.

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