



# Distribution Center MANAGEMENT

Managing people, materials and costs in the warehouse or DC

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## Material Handling

### Hefty investment helps DC deal with slow-moving items

Slow movers are the bane of any DC's existence, and food distributor Ben E. Keith has its share of infrequently ordered products.

The company's dry product includes some 10,000 SKUs, and they follow the 80-20 rule. There are 4,000 fast-moving products that account for 80 percent of all activity. And the remaining 6,000 products account for only 20 percent of moves.

"There's a dramatic dividing line between fast and slow," says Allan Kohl, president and chief executive officer of KOM International, the supply chain consultancy that helped Ben E. Keith navigate its upgrade. Complicating matters is the reality that only a small percentage of the slow movers are ordered in a typical shift.

"On any given night, only about 20 percent of them are active," Kohl says. To deal with these slow movers, Ben E. Keith made a major investment in material handling technology at its new DC in Houston. The food distributor spent about \$2 million on a Dematic miniload system that enhances picking efficiency by storing unneeded items high above the floor and dropping to ground level those items that need to be picked on a shift.

The system's software knows which items will be picked and makes them easy to reach. The miniload system, which is 35 feet tall, enhances space use by storing unneeded items vertically. That reduces travel time, Kohl says, because a picker must travel past only 1,300 items during a shift instead of 6,000.

The system also allows for a "very narrow aisle" setup — there are only six feet between racks in the slow-mover area. But the software paces picks so that pickers don't have to battle for position in the same tight space.

"The miniload software maintains the history of an item's activity," Kohl says. "If it sees there's an SKU

that's ordered every night, it will make sure that it's available."

**"Automation is difficult to justify if you're looking for a pure financial return."**

The system also makes pickers' lives easier, Kohl says. For instance, some items are "decanted" — taken from cases to be doled out to pickers as single items.

That eliminates the problem of multiple pickers grabbing single items from a cardboard box. "Instead of 50 different pickers messing around with a cardboard box, the item is presented at the face," Kohl says. "He doesn't have to reach in and pull forward a case and do all those gymnastics you'd have to do with case stacking." Because the proper unit is available to the picker, the system also leads to fewer picker errors.

"Is it one case or one can? If he's thinking about his date or his beer, he picks a case instead of a can. If it's caviar, you've got a problem," Kohl says.

All that adds up to "very substantial" increases in picking productivity, Kohl says. But don't expect such a large automation investment to be a no-brainer. "Automation is difficult to justify if you're looking for a pure financial return," Kohl says. "A two-year payback is not in the cards." To justify the investment, Ben E. Keith had to focus on issues such as customer service and competitive advantage.

"They recognize this is an enhancement to customer service," Kohl says. "When you're courting a new account, and you bring them into a modern, state-of-the-art facility, it may help swing the decision."

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