



NEW RFDC SYSTEM SAVES \$300K ANNUALLY AT BUSY DISTRIBUTION CENTER

FEDCO MANAGEMENT SERVICES

MIAMI, FLORIDA



industry

MANUFACTURING – HEALTH & BEAUTY AIDS

applications

SHIPPING/RECEIVING • INVENTORY CONTROL

situation

Fedco manufactures, distributes and retails health and beauty aids. The company has 650 employees and 19 retail stores. It has one manufacturing plant, and a distribution center that consists of six warehouses covering more than 175,000 square feet.

critical issue

Fedco's inventory control problem at its distribution center affected the company in various ways: popular items would suddenly be out of stock, thus crippling retail sales; some products were over-stocked; and Fedco was paying excessive amounts of employee overtime at the distribution center to fulfill retail store orders.

reasons

Fedco's inventory control problem was fueled by the company's 20+% annual growth in sales. Coordination of manufacturing, distribution and retail was doubly difficult due to Fedco's reliance on a paper-based inventory tracking system that used hand-written receiving documents. Even when the system performed smoothly, management was crippled by a 12-to-24-hour time delay between computer reports and the time products were actually received. Often the fastest-selling products arrived at the distribution center and then were whisked off to the retail stores without anyone entering the items into the warehouse management system's computer, thus adding to overall lack of control. Order fulfillment was performed with computer printed forms, and relied on workers accurately picking and writing down their actions on printed order forms. This not only added to overall system delay, but also added the opportunity for loss of management control.

vision & capabilities

Simply put, Fedco's managers wanted an inventory system which they could control, rather than a system that controlled them. Fedco's MIS Director wanted to implement an on-line, real-time automated data collection system for the distribution center.

intermec solution

Intermec installed a spread spectrum radio frequency data collection system throughout Fedco's distribution center. Intermec was able to surmount RF transmission obstacles posed by the distribution center's six firewalls by using specialized directional antennas that repeated the focused RF signals throughout the complex. Intermec network controllers, base station receivers, MODEL 3400 Direct Thermal/Thermal Transfer Bar Code Printers, and 30 JANUS™ JR2020 Hand Held Computers with built-in scanners were installed. The system interfaces with Fedco's host computer, an IBM AS/400 unit.

benefits

Fedco has experienced major improvement in inventory accuracy and order picking, while reducing the number of personnel in the distribution center. Specifically, Ramirez says Fedco has:

- Reduced seven positions related to order picking and product put-away, for an annual labor savings of \$147,000;
- Cut the distribution's center overtime costs by \$200,000;
- Shipped retail products to the stores four to eight hours faster than previously; and
- Improved customer service, and given management more data to make informed decisions.