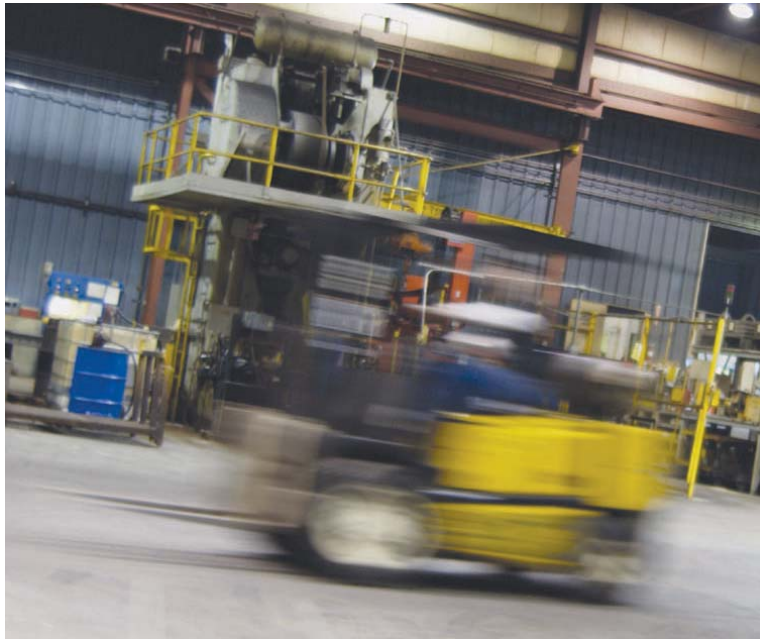


Inventory technology helped Leicht Transfer & Storage build its business after it installed a radio-frequency bar code system. **BY KURT RENTMEESTER**

A Green Bay storage business is getting a jump on the competition by using an inventory management system that incorporates bar codes and radio-frequency transmission.

The Warehouse Information Network management system allows staff on the inventory floor and information technology employees who review that data to share real-time yard management capabilities and Internet access through hand-held and personal computers, according to Gregg Gruselle, general manager of Diversified Data Systems, Inc. in Green Bay.

REAL-TIME LOGISTICS



“It provides accuracy, speed, visibility, integrity and discipline,” Gruselle says of the system implemented by Diversified Data last year for Leicht Transfer & Storage Co.

Hand-held computers and radio frequency transmissions are inventory tools of the future that are here now, according to Leicht Transfer & Storage Co. President Steve Evans, who applied the WIN system to transactions for their biggest customer, Georgia Pacific.

The WIN system eliminates a too-common sight in most warehouses – an employee slowly driving up and down an inventory floor in search of an item.

Most Leicht employees welcomed the new system

because they believed they were working harder than they needed to be, said Robert McCormick, senior account manager with Diversified Data.

Leicht already had incorporated Citrix network technology, Creative Systems Corp. Trucking Software and bar coding before to service customers such as Tufco, International Paper, Procter & Gamble and Green Bay Packaging.

But the company was looking for a stronger inventory management package last year when it adopted the WIN system and applied to Georgia-Pacific.

Leicht, a provider of supply chain services, is the distributor of consumer tissue products for Georgia Pacific. The firm operated as a distribution center for Georgia-Pacific’s products for several years for its west mill. A new contract adds products from the east mill.

Georgia-Pacific is one of the world’s largest manufacturers of tissue, packaging, paper, pulp, building products and related chemicals with annual sales of more than \$25 billion in 2001.

DAILY MANAGEMENT

The flexibility of the WIN system makes it a good fit for Leicht. In a 24-7 operation, inventory often changes by the minute, Evans says.

Such information as inventory foremen using hand-held computers in the warehouse record item numbers, quantities and other data, says Jamie Carpenter, third shift team leader at Leicht. Entering that information gives office personnel real time visibility of what is being loaded in the warehouse.

Used as another tool for inventory control, reports on the status of an inventory item can be initiated as inquiries on a hand-held computer, he says. Reports show every warehouse transaction, with a listing of such information as license plates and the location they were moved from.

Inventory records give employees an overall view of warehouse zoning, giving them a feel for how many bays are used and how many are empty, Carpenter says. A list of warehouse job orders allows foremen to quickly check if there are any cross-dock opportunities, says Mike Krause, senior manager of information technology at Leicht.

“Anytime there’s a product hold, be it a packaging issue or a quality question about the product, we can immediately and precisely put that product on hold, tell immediately how much we have,” Evans says. “If they want to consider recalling it, we can tell them exactly what went to what customer when. It provides a very high degree of control for our customers.”

Keeping track of merchandise can be challenging in a warehouse that uses a paper-based system.

“Everything in our system is always somewhere, and we want that to be the actual location of where it is. Not where we think it’s going to be in five minutes,” Gruselle says.

INVENTORY TRENDS

Until about a year ago, Gruselle found there was a sense in the business community that you had to change your operation to implement an inventory control system, such as those from Oracle, Peoplesoft and others.

In the past, businesses often had to discard many of the aspects that made them unique and successful in favor of someone else's idea on how to run their inventory. Unlike other management system providers, Gruselle says Diversified Data uses a core set of functions that then are tailored to a company's needs.

"You bought their system (in the past). Then you changed your business to fit the way that software is designed," Gruselle says.

Often, such systems do impose a set of disciplines on a company toward the development of consistency and quality. But Gruselle says his approach is one of 'Change your software, don't change your business.'

Another issue he says he encounters is a belief that the cost to incorporate a customized system is exorbitant.

Many companies, he has found, expect to pay more than \$1 million to incorporate a customized system. That leads company officials to think they have a million dollar problem. Often, they don't, Gruselle says. However, he says such costs may range from \$70,000 to \$300,000 for an inventory management system.

Often, he encourages potential customers to view firsthand some of the operations that Diversified Data has worked with.

Other companies are demanding suppliers use more effective inventory systems.

Wal-Mart, for example, is mandating that its top 100 vendors, such as Georgia-Pacific, Procter & Gamble and others begin using radio-frequency identification technology by 2005, he says.

RFID involves a computer chip on every pallet and potentially every case for serial and other information. The WIN system could be a transition to-



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- Steve Evans,
Leicht Transfer & Storage Co.

ward such programming.

Krause also has been working with Georgia Pacific on an electronic data interchange that Leicht operates over the Internet. It will be a hands-off, touch-less communication between Leicht and Georgia Pacific's computers with its order information.

Real time inventory and inventory visibility is important to Leicht's customers. Krause knows of customers who phone and request an Excel spreadsheet of what they have that day in inventory.

Knowledge is power for companies when it comes to inventory management, Evans says.

VALUABLE DATA

"Probably there's a bigger umbrella there of data accessibility. It's more than just inventory. It's history. There's a tremendous amount of data inventory information that's readily accessible," Evans says. "In the past, companies typically had to go to the IT or IS group and make a request when they wanted a new report on data. It was cumbersome, time-consuming and it was expensive to do that. This is easy, rapid access to lots of data."

For employees, the changes mean more accurate counts and less labor. Staff no longer chases lost or misplaced inventory,



Carpenter says.

Getting them involved in initial planning made it easier for them to take ownership in the WIN system.

"People understood that they were working harder than they needed to, to accomplish the job they were trying to do," Gruselle says. "They were eager for something to come along and improve that."

The training period is much shorter for new inventory employees, Evans says.

"When we bring somebody brand-new in, it's much easier to get them up to speed and get their productivity up and their accuracy up because if they do make a mistake, they scan and it beeps at them (and tells them) this is the wrong bay, this is the wrong product," Evans says. "They get that immediate feedback. They can re-direct and they can do it accurately."

Customer service and transportation personnel seem to appreciate using the radio frequency system, as well, he says.

The WIN system provides full yard management services. Leicht plans to utilize full yard management with the system in the future.

For Diversified Data, the new system provides the company with an opportunity to be stronger in its own backyard,

"People understood that they were working harder than they needed to."

- Gregg Gruselle,
Diversified Data Systems

Gruselle says. The success of Leicht's system has been a testament to the work that Diversified Data wants to do here in northeast Wisconsin.

The WIN system can be scaled to fit any warehouse inventory operation, Evans says. Georgia Pacific is Leicht's biggest customer, with more than 1 million square feet of storage space and 500 customer codes for products. The company receives and ships about 150 truckloads daily for Georgia-Pacific.

WELL TESTED

If the WIN system can handle that much volume in four different locations in Green Bay, Evans believes it can handle almost anything. Leicht manages four buildings for Georgia-Pacific.

Leicht recently placed its second customer, NEW Plastics, on the WIN system, Evans says. There are plans to include more clients in the future.

Radio frequency inventory services have given Leicht Transfer & Storage a competitive advantage by maintaining lower costs and passing that savings on to customers, as well as offering real time visibility of inventory, a level of reliability and a greater speed of responsiveness.

Evans says he knows of no other firms that use pocket computer technology, although some use radio frequency and bar code technology. The level of customization and the use of pocket PC technology with color touch screens have set Leicht Transfer & Storage apart from competitors.

In the last year, Leicht found it could achieve greater accountability in its inventory when it hired Diversified Data Systems Inc. to assemble a warehouse management system.

"This system has taken us from being an operator who's very good on the warehouse floor, that's not always fast enough or accurate enough on the inventory data, to being highly accurate and real time on the information regarding inventory accuracy," Evans says. "That's a dramatic change." **TT**