



THE MANAGEMENT OF MOTION™



WHITE PAPER

The Magic of the Process

For many people, distribution is magic: Those things which we go out and buy everyday magically appear on the shelf for us to purchase. While some would like to believe that Harry Houdini is alive and well and working on our behalf, in reality, there is a tremendous amount of time, money and resources dedicated to delivering merchandise to the consumer. Much of this effort is engaged in the business of logistics — the process behind the scenes that ultimately affects the bottom line of the company. When run well, it will bring additional profit; when run poorly, it can cause the company's demise.

What do we mean when we say the process? The process is a series of steps needed to deliver a final outcome or as Webster's defines it, "a particular course of action intended to achieve results." Whether or not we realize it, everything we do in life has a process.

In the supply chain, the process is actually comprised of a number of sub-steps — each working together to manufacture, transport and distribute product to the consumer. Every company has the ability to operate a great supply chain — one in which costs are low, service levels are high and competition is left in the dust. To do so, however, requires understanding the logistics processes within the company, and also ensuring the right combination of processes are in place.

I May Be Sawing You in Half, But This Won't Hurt a Bit

Processes develop for many different reasons — some of which are valid, while others are created because it's just the way things have always been done. No matter



how a process develops, most companies develop processes for their supply chain activities in order to have consistency throughout the organization.

When a company decides it needs to make a change, therefore, the first step is to understand the process which currently is sustaining the business. While this can often be daunting, it's an effort that will be rewarded in the end. I usually refer to this as the Marx Brothers step: "Doctor, Doctor it hurts when I do this... Then stop doing that." Many companies like to treat the symptoms rather than understanding the root cause. Some use automation. Others use people to solve their shortcomings. All, however, cost the company money, whether in capital or

expense. When companies can delve into the root cause, however, and really understand why they manufacture, transport or distribute products in a specific way, they can make informed decisions as to how best to change it and gain outstanding results.

It's Not Just Smoke and Mirrors

What makes up the process and why do we do the things we do? There are many items that influence processes. For instance, business rules provide a framework for how the supply chain must behave. If you are a dot com company, your business rule might be to turn orders around within 24 hours of receipt. The operation must adapt with resources, automation and transportation to meet this goal. Too often, companies go year after year imposing new business rules without revisiting old ones to determine if they are still valid.

Who cares, you say? Why is this important? These new rules create process changes which ultimately cost time and money to implement and which can potentially impede the company's ability to reach their goal. Also, maintaining old processes — which may not apply any longer — can affect the overall profit of the company. Companies, therefore, must be diligent in reviewing their process and understanding how each change affects the bottom line.

To Do This Trick, I May Need Several (Non-Human) Volunteers

Some companies believe that adding automation and reducing headcount is the right solution for streamlining their supply chain process and in some cases, this is true. The important thing to remember is to do this without sub-optimizing the overall operation. For instance, a company can install a robot that can manufacture thousands of parts per hour and create a great inventory. Yet if these parts are not leaving the building to be sold — what has

it gained the company? Nothing. The process is about flow and things need to move to where people will purchase them.

Untied in 30 Seconds or Less

Many companies fail to review the process or create procedures when changes occur primarily because to do so requires time. Businesses want — and need — to be nimble — reacting to marketplace changes quickly and easily. However, these companies do not realize that if they simply spent the time to understand the process prior to a change, the analysis of a change within a current process can be reviewed quickly and a justification can be developed. Also, spending the time to analyze the process costs far less than implementing automation or hiring resources. We've all heard of companies who have implemented a new system to meet business strategy and discovered an oversight of a critical piece of information vital to the system's success after the system was completed. This happens because companies did not take the time to understand the process and how it would affect other aspects of the business. Companies that instead take the time to understand the process create the foundation for future success. No magic required.

About AHS

AHS is a full-service provider of supply chain solutions that helps streamline processes, improve employee productivity, and increase return on investment. AHS is uniquely equipped with multiple divisions to provide the complete spectrum of products and services to develop the best solutions for our clients. Whether re-designing an existing distribution center, building a new facility, or simply updating equipment, AHS can assist you with any project.



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