

Industry Article:

The Warehouse of the Future 2001



As in the past, the WoF2001 event combined academic learning with industry know-how to help professional attendees learn how to attain logistics and supply chain excellence.

One message came out loud and clear from this Warehouse of the Future Conference on Innovative Solutions for Distribution, Logistics, and Supply Chain Strategies—the warehouse of the future is not limited by the four walls of its building. In fact, some may not even have four walls. That's because the mission of today's and tomorrow's leading edge facilities is not merely to "house wares", but rather to serve as the fulfillment backbone of the supply-chain network whose ultimate mission is world-class customer satisfaction.

WoF 2001 was definitely a major educational event. The three-day conference program was organized along five major session tracks: material handling & operations fulfillment; EDI, WMS, AIDC

technologies; logistics engineering & systems integration; transportation & logistics; and supply chain strategies. Reflecting the educational nature of the event, the respective track chairpersons were Dr. O. Keith Helferich, Central Michigan University; Detlef Spee, University of Dortmund, Fraunhofer Institute, Germany; Dr. Jezdimir Knezivic, Mirce Academy, U.K.; Dr. Michael Crum, Iowa State University; and Dr. John Coyle, Penn State University.

In addition, executive summit keynote presentations were made by Dr. James Tompkins, Tompkins Associates ("The Nine Passions of Supply Chain Excellence"); Robert Sabath, Deloitte Consulting ("Back to the future 2001"), featuring a special address by Mr. Zhang Jian Wei, China National Foreign Trade Transportation Group (Sinotrans); Simon Craig, FedEx Supply Chain; and Robb Caseria, Group VP, Demand Fulfillment, Coors Brewing Company.

As informative and high in quality as the sessions and keynote presentations were, one does not learn from attending lectures alone. One also needs to view and "kick the tires" of the equipment, systems, and technologies that provide the real-world solutions to attaining logistics and supply chain objectives. And so conference attendees experienced "hands on" learning by touring the Applied Technology Lab. The lab consisted of a life-size, interactive model involving various types of industrial equipment and

systems, organized into modules or stations that parallel the typical flow of materials and goods in a warehouse, starting at receiving, and moving through storage, order picking, packaging, and shipping.



Attendees also took special applied technology courses held within the lab area itself. Surrounding the interactive lab exhibit were over 70 equipment and systems exhibitors, displaying latest products and systems in the areas of warehousing; logistics; distribution; freight forwarding; and web site development.

A unique feature of the conference was that attendees receive cumulative credits from U.S. and international universities. Each year a leading university awards certificates of education to the matriculating attendees; this time certificates were awarded by Iowa State University. Attendees can apply earned credits toward a Specialist Diploma in Distribution Business Management. The diploma is awarded upon fulfill-



ment of the following criteria:

- * Receipt of four certificates from four different universities.

- * Upon earning four certificates, the candidate is required to write a paper detailing how the knowledge gained has been applied to his/her occupation and company.

- * A board of leading academics reviews the papers, and upon its approval, the candidate is awarded the diploma.

Conference capsules

"A company's passion for operational excellence must transfer to each link along its supply chain. This process is Supply Chain Synthesis (SCS)," said keynote speaker Dr. James Tompkins, Tompkins Associates. Tompkins added that "SCS is the holistic, continuous improvement process of ensuring customer satisfaction, from the original raw material provider to the ultimate finished product consumer. SCS is the integration, the unification, and the bringing together of the supply chain links to form a whole."

There is still much to be done to achieve supply chain integration in industry, according to Dr. Craig M. Gustin, Operations Associates. In citing the results of a recent survey conducted jointly by Georgia Southern University and Operations

Associates, Gustin noted that only a fourth of the companies surveyed indicated that they had successfully integrated their supply chain functions. More than 30% recognized the value of supply chain integration, but were not successful in implementing the concept, while nearly a quarter recognizing the value of the concept decided not to attempt implementation. Finally, one-fifth of the respondents did not even recognize its value.

For those who recognize supply chain value, their success in supply chain endeavors is linked at least in part with the performance measures used to evaluate employees, according to Dr. Thomas W. Speh, Miami University (Ohio). Thus, firms that talk about the importance of supply chain concepts but continue to evaluate employees using performance measurement systems that are either adversely affected by, or completed unaffected by, supply chain improvements, then they will fail in their endeavors. Speh highlighted the importance of the relationship between supply chain management and a type of strategic performance measurement system known as the balanced scorecard.

Measurement is but one aspect of recognizing the importance that people continue to play in supply chain and distribution strategies. In his presentation, "Warehouses are People Too!", Lew Roberts, L. Roberts & Associates, noted that the job of the warehouse worker has become increasingly sophisticated and technology based. While technology plays an important part in accomplishing distribution strategies, it is people who are required to work with this technology. Roberts said it is vitally important that we pay attention to the people aspect of the supply chain specifically through change management, education, and "on the job" training and mentoring.

One type of change that people at all levels of an organization must become better identified with is corporate environmental responsibility and its relationship with reverse logistics and recycling concepts.

Robb Caseria, Group VP, Demand Fulfillment, Coors Brewing Company, noted that truly effective environmental responsibility must be shared with supply chain partners, such as suppliers. (See the article, "Circle of Excellence 2001 Winner" in this issue.) He said that Coors' procurement department requires that any suppliers working on the company's site must strictly adhere to the company's environmental principles and policies, and are evaluated accordingly.

Environmental responsibility as defined by leading companies such as Coors goes well beyond government mandated rules and regulations. However, it is a fact that



Ribbon cutting ceremony at the opening of the Warehouse of the Future (Front Row: Amy Thorn, Executive Director, DBM Association; Ming Lam, President, South East World Wide, Ltd., Zhang Jian Wei, Executive Director and VP, Sinotrans; John Thorn, Chairman of the Board, DBM Association)

more strict government regulations will be coming in the future. And Europe is likely to be leading the way. Dr. Harold Krikke, Erasmus University, Rotterdam, The Netherlands, pointed out that the European Union (EU) is considering guidelines for a Europe wide introduction of producer responsibility for dealing with used consumer electronics. Krikke noted that a system in force in The Netherlands may serve as a model for EU consideration. The Netherlands makes OEMs and importers formally responsible for the collection and processing of their products and packaging once they are discarded. The principle applies for many waste streams, including cars, portable batteries, and consumer electronics.

A special feature of another

Demonstration of hands-on session in the Warehouse of the Future Lab



keynote session was an address made by a logistics official from China and leader of a 16-person delegation to WoF 2001 from that country. Mr. Zhang Jian Wei of the Chinese foreign trade transportation group Sinotrans explained that currently there is a large gap between Chinese logistics development and international logistics standards. However, he noted that China has a great potential for rapid improvement in its logistics capability. Mr. Zhang added that the Chinese government has recognized logistics as being a strategic industry, and is provided it with strong government support and high priority. Finally, he said that with the trend toward globalization, Chinese logistics is becoming an integral part of the international logistics market, with a number of multi-national organizations having already located there.

(See article, "Logistics in China" in this issue.)

Part of the educational experience offered at WoF 2001 were plant tours that provided attendees with the opportunity to view some of the techniques and practices discussed at the Conference actually being put into practice. A tour of a Levi Strauss & Co. facility provided an interesting look at reverse logistics in action. The tour followed a case-study presentation on how Levi Strauss improved the handling of off-price products via outsourcing. The



Plant tours were part of WoF 2001.

second tour was at Merck & Co., where attendees were able to view first hand the logistics operations involved in supporting a pharmaceuticals facility.

Circle of Excellence Award Ceremony

Each year, the Distribution Business Management Association awards the Circle of Excellence Award to a leading company in a particular industry segment, that represents the highest standards of quality and technology, and provides an environmentally responsible supply chain model. This year's winner, from the beverage industry, was Coors Brewing Company, Golden, CO. The award was presented at a gala dinner on Tuesday evening of the event. Accepting on behalf of Coors was Robb Caseria, Group VP, Demand Fulfillment. (See "Circle of Excellence 2001 Winner" article in this issue.)



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