POWER SHIFT

Improving Inventory Accuracy

POWER SHIFT

Inventory Accuracy

- Reduces Costs
- Increases Productivity
- Improves Customer Service

POWER SHIFT

Effect of Increasing Inventory Accuracy by 1%*

	98% Inventory Accuracy		99% Inventory Accuracy	
	Median	N	Median	N
Percentage of supplier orders delivered on time	87%	16	90%	57
Dock-to-stock cycle time for supplier deliveries in hours	6 hours	17	4 hours	68
Percentage of sales orders delivered on time	92%	19	96%	70

*** From *Industry Week,* May 4, 2012: *Inventory Accuracy Improves Performance on Logistics Metrics***

POWER SHIFT

Tools to Improve Inventory Accuracy

- Cycle Counting
- Barcodes
- RF Terminals
- Inventory Locations
- Warehouse Mapping

POWER SHIFT

The single best method for improving inventory accuracy is cycle counting

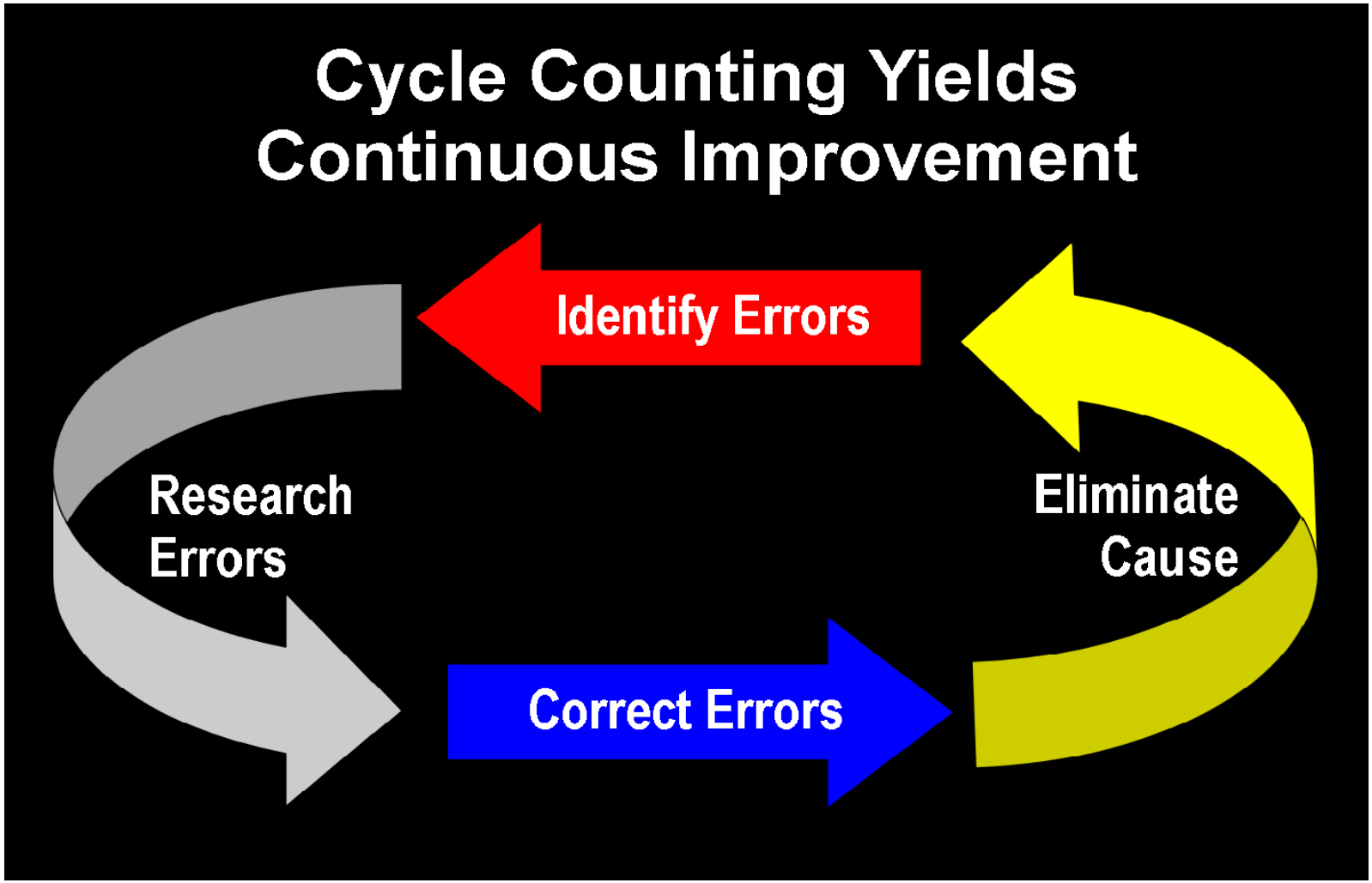
Cycle Counting

- Validates inventory on an on-going basis
- Errors are recognized earlier and can therefore be more easily resolved
- Eliminates the need for full physical inventory
- ABC analysis enables you to count the high value items more often
- PowerShift allows selection of items to be counted by many different criteria

Annual Physical v Cycle Count

- 30 people doing a physical inventory for 2 days with the plant shut down once a year is 480 hours
- Spending 2 hours daily cycle counting and reconciling expends 400 hours – with no shutdown (and associated loss of revenue)

POWER SHIFT


Cycle Counting Yields
Continuous Improvement
Identify Errors
Research
Errors
Eliminate
Cause
Correct Errors

Barcodes v Manual Entry

- Try typing the following item numbers
  - 40A34XYX
  - AB1VR135
  - 127A560
  - CR12ZB302

Scan Speed & Accuracy

- You can scan the above numbers with near 100% accuracy in less than ten seconds
- No matter how long the item number is, the scan time is the same

Barcodes

- Use barcodes on documents for order numbers, items & locations
- Generate labels with barcodes wherever needed (e.g., receiving, warehousing, picking, shipping)
  - Vary label design by usage
  - Bar code the item number, location and package quantities

POWER SHIFT

Sample Label

RECEIVER TAG
ITEM #: 1

DESCRIPTION: WIRENUT PHASE 1 DROP
QUANTITY: 123

CONTROL NUMBER:
WAREHOUSE: BIN:
DATE RECEIVED: 06-14-2013
RECEIVER: CA-100002887 LINE: 1
PURCHASE ORDER: CA-100001606 LINE: 1

**** REQUIRES INSPECTION ** INSPECTOR: _____**

RF Captures Data Quickly & Accurately

- Scanning a barcode is faster and more accurate than keying in the data
- Applications allow scan of bar coded order numbers to bring up associated order
- RF devices enable scanning to occur where the physical transaction occurs

RF Picking Confirmation

- ✓ Collect data at a single source
- ✓ Operator is instructed to multiple stocking locations if required to complete the pick of single line
- ✓ During entry the RF operator scans the label on the box; the correct pick is verified
- ✓ Picking completion can auto-generate the packing list
- ✓ Since items are consumed by location in sequence you effectively have an automatic cycle count

POWER SHIFT

RF scanner displays:


```
  Sales Order Pick
 Order   CA-100002807
 Line       1
 Wh   AA Bin 12-C-2
 Item
1WH
 Qty   90


Item          Stk UOM EA
1WH
Nut, wire, number 6
To pick             100
Picked                0
```

POWERSHIFT

Location! Location! Location!

- Eliminate “four-wall inventory” by using warehouse and bin locations
- Warehouse/bin locations eliminate time spent looking for items
- Assign default warehouse/bin locations for automatic consumption and replenishment
- Stock items where they are consumed

Locate Stock Efficiently

- Specify picking warehouse and bin for bill of material components
- Back flush by BOM or work center location as operations are completed
- Use a warehouse map to restrict stocking and picking to verified locations

Try It, You'll Like It!

- PowerShift provides the tools:
  - Cycle Counting
  - Barcodes
  - RF Terminals
  - Inventory Locations
  - Warehouse Mapping
- Configure your test system to try them out

Contact the PowerShift HelpDesk to learn more