

What's In Store?

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Inventory and storage is one area of the facility that tends to keep plant managers on their toes all year round. But without the proper technology to manage it, there's more to consider than just shelf space.



When the calendar rolls over into a new year, many find themselves taking stock of their environment. This often equates to a desire to assess what you have in comparison to what you need—a feat much easier said than done.

In the manufacturing realm, “taking stock” has more serious ramifications than, say, scanning your home’s attic for possible junk. Carrying costs in this tight economy mean excess inventory is more of an albatross than ever. Fortunately for manufacturers, the ways to track and manage their inventory are improving as solutions providers look for ways of targeting the regulation of this cost center.

High Tech Visibility

“Too often, companies find themselves with too much on-hand inventory resulting in unnecessary carrying costs due to poor replenishment processes or difficulties in managing customer satisfaction,” explains Roman Bukary, GM of Wholesale Distribution and Manufacturing Industries for Netsuite.

Business software vendor, NetSuite, integrates functions like order management, inventory management, and demand fulfillment into a single cloud computing application. Technology like cloud computing, which allows end users to access IT services without housing and maintaining the actual physical infrastructure, has gained wider acceptance in enterprises looking to cut IT costs without giving up functionality.

From Netsuite’s perspective, the right solutions should ensure that users have the kind of visibility to reduce “feast-famine”-type fluctuations, and enabling the business to run smarter. “Modern inventory management solutions ensure dynamic

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and intelligent alignment between demand and supply and between sales and orders and do so using continuous or real-time data with smarter replenishment algorithms accounting for seasonality, variability, and actual sales orders, minimizing inventory on hand," Bukary explains.

It's easy, he says, to have 100 percent item availability for 100 percent of inventory, yet that's neither affordable nor intelligent. That's why manufacturers should seek resources that are "multi-variable optimized." According to Bukary, this ensures that optimal inventory levels are balanced against expenses, customer satisfaction, and popularity of items.

And in contrast, it's not just excess inventory that can result in big problems. On the flipside, warns Bukary, an inability to effectively manage demand can also result in either last minute rush orders or stock-outs due to poor planning—an unfortunate scenario many manufacturers have direct experience with. This accounts for another big reason why businesses need to rely more on visibility if they want to retain the type of service their customers have come to rely on.

Scale Your Progress

If an investment in enterprise-wide IT solutions is beyond your current reach, there are also more basic equipment investments that can help improve your day-to-day management of inventory.

"Scales and indicators help facilities maintain an accurate assessment of their inventory by monitoring and managing incoming and outgoing stock, including parts, pieces, bulk material and ingredients," says Don Halbert, Global Product Manager for Avery Weigh-Tronix. "In gaining access to this data, facility managers can not only ensure stock levels are accurate and consistent, but also ensure that customer demand is being met for a specific part, taking advantage of economies of scale when it comes to reordering.

"For example, if a customer orders a particular part, the inventory established by monitoring the incoming and outgoing finished goods via scales and indicators will instantly provide valid knowledge of whether or not the part is available. Additionally, in the case of ingredients and inventory, scales and indicators also ensure traceability of all incoming and outgoing stock."

With this tried-and-true approach also comes some advancements in technology. According to Halbert, indicators are highly intelligent devices and are capable of collecting and displaying complex data, while minimizing human error that can be experienced with manual operations. "Many of today's indicators are also compatible with industry-standard interfaces, such as Ethernet or Fieldbus, which allows them to provide quick integration with existing networking systems," he says. "Additionally, Wi-Fi-enabled indicators are also now available, providing remote operation, collecting weight and diagnostic information, and immediately communicating it to the facility's computers."

Today's indicators are also capable of hosting numerous scales or controlling multiple automated processes, allowing operators to monitor multiple production

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lines. By configuring each system with its own individual measurement criteria, programmed routines, control devices, sensors and peripherals, data can be gathered and categorized from each scale instantaneously—maximizing inventory management efficiency.

Taking AIM

Ultimately, the goal for manufacturers consists of visibility, so methods for tracking—like barcoding/scanning, RFID tags, or sensors—can serve as great ways to transmit data on the items coming into and going out of your facility. AIM (Association for Automatic Identification and Mobility) is the international trade association representing automatic identification and mobility technology solution providers and has long-served the industry by promoting technology, standardization, and public policy. For updates on barcoding and RFID, visit www.aimglobal.org.

And whichever solution you turn to, just be sure you're not putting all (or not enough) eggs in one basket. Says Netsuite's Bukary, "It's easy to be cash efficient and have no inventory on hand - a quick way to go out business; it's also easy to have 100 percent availability for all items by stocking everything locally - another good way to go out of business."

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