

Process More, Spend Less: Integrate Packaging into your Order Fulfillment Process

**IF YOU SUPPLY THE SUPPLY CHAIN,
YOU BELONG AT MODEX.**

The greatest supply chain show on earth.



CONVEYCO
Good people. Great solutions.

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Packaging

Agenda

- Why should packaging be part of fulfillment?
- How to integrate packaging into fulfillment
 - Planning the operation properly
 - Start at the end methodology
 - Define your products
- Technology overview
 - Cushioning and void fill materials and technologies
 - Semi-automatic solutions
 - Automated solutions



Omni Channel Environment

- Who sets the bar?
 - Many products at a low price
 - 1-2 day Delivery (or less)
 - Free shipping & returns
- Shipping rates increasing
 - Less competition
 - Dimensional weight charges

amazon.com[®]

Walmart 

 TARGET[®]



FedEx[®]



The cost of shipping air has gone up

- Parcel freight rate increases
- Dimensional weight surcharges

$$\frac{\text{Length} \times \text{Width} \times \text{Height}}{166} = \text{Dimensional Weight}$$

- Compare actual weight to dimensional weight
- Greater of the two weights is used for rate charges

Product	Men's sneakers	Kid's backpack	Toy truck	Toaster
Price by weight ¹	\$8.05	\$7.17	\$7.17	\$7.17
Price by dimension ²	\$9.11	\$9.11	\$9.47	\$9.66
Percentage change in price	UP 13%	UP 27%	UP 32%	UP 35%



USPS estimate of dimensional weight impact on pricing

PLANNING



Know Everything About Your Product

- Physical Data
- Dimensions, weight, temperature
- Characteristics
- Machineable
- Fragile
- Hazardous

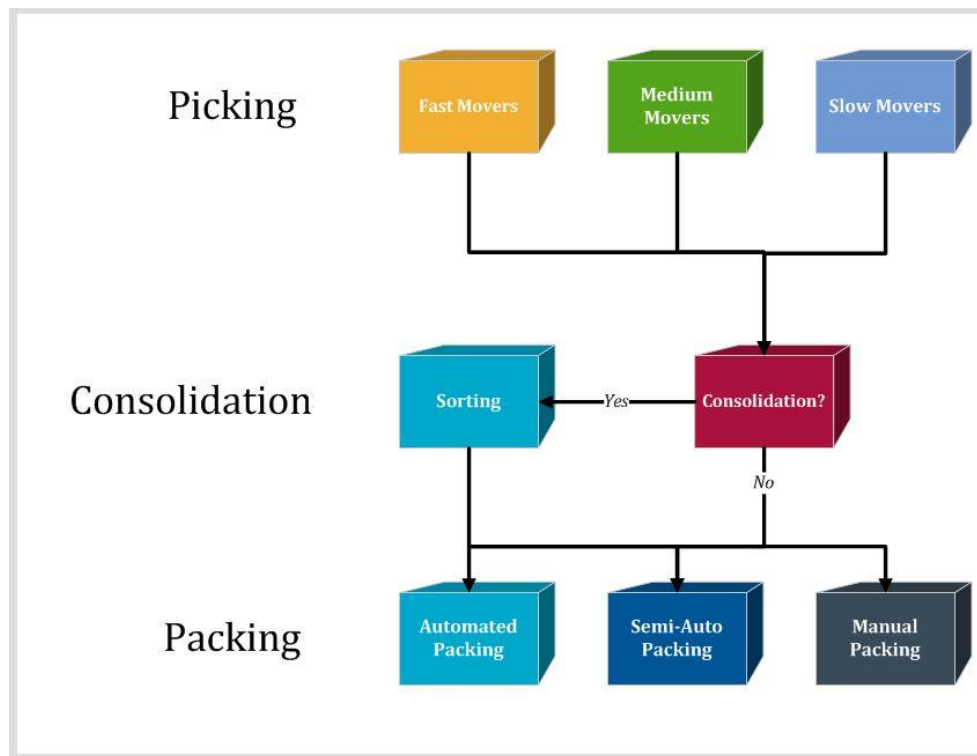


ORDER PICKING



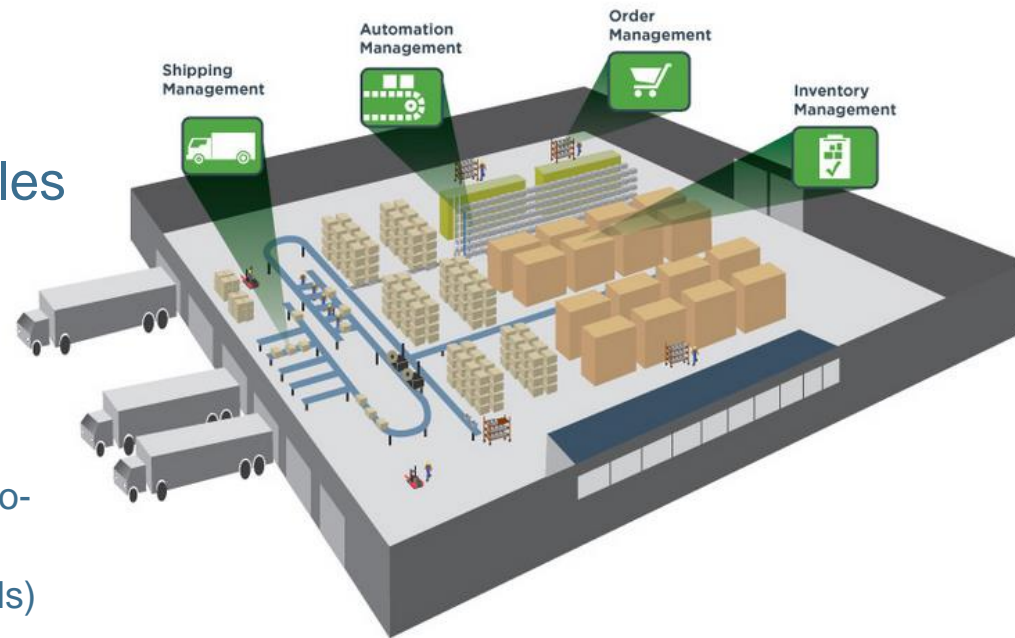
Start at the End Methodology

Know how you will pack an order before it is picked



WES Software

- A single fulfillment engine
 - Flexible Host Integration
- Integrated pre-engineered modules
 - Order management
 - Inventory management
 - Automation management
 - Automated (ASRS) and semi-automated picking (RF, Voice, Pick-to-Light)
 - Consolidation (unit sorters & put walls)
 - Automated packaging systems
 - Shipping management
 - Automated labeling and parcel manifesting



Packing Optimization

Take the stress out of your packaging arena



Peak Season Results

- How did your operation perform in 2015?
- What are your 2016 peak season goals
 - Reduce
 - Costs
 - Packaging material
 - Labor
 - Freight
 - Damage
 - Improve
 - Customer experience
 - Package aesthetics
 - Shorter delivery time
 - Order accuracy
 - Cost per order shipped



Packaging & Fulfillment

- Identify costs to target areas for improvement
 - Labor
 - Material
 - Freight
 - Errors
- Integrate processes & systems
- Reduce constraints and costs



Shipping + Automation = Accuracy

- Automation shipping system
 - Carton dimensions
 - Check weigh
 - Labeling
 - Parcel manifesting
 - Rate shopping
 - Carrier selection
- Accuracy
 - Order
 - Rate



PACKAGING



Dimensional Weighing System

- Insert video here



Packing & Packaging

- The most important customer touch point
 - What is the customer's experience?
 - On time?
 - Accurate?
 - Quality?
 - Convenience?
 - Shared values?



Packaging's Role

Cushioning

vs

Void Fill



Cushioning vs. Void Fill

- Cushioning
 - Reduce Carton DIM with Cushioning Products
 - Goal is to reduce DIM, provide adequate cushioning, leaving little or no room for dunnage
 - BubbleWrap®, Foam in Place, Suspension Packaging & Die Cut PE Foam offer the best cushioning performance



Cushioning vs. Void Fill

- Void Fill
 - Used to fill the void in cartons to minimize movement
 - Necessary, based on not having a box size to fit every product shipped
 - Proper void fill determine by products being packed and weight of product in carton



Cushioning vs. Void Fill

- Has to work across the board
- Has to be lowest cost possible
- Has to be fast & easy to use allowing for improved product flow
- Has to offer an environmental story
 - Reduce, Reuse, Recycle
 - Product has recycled content, is recyclable or reusable or your change may have reduced transportation costs getting to you



INTEGRATED FULFILLMENT & PACKAGING



Integrated Fulfillment & Packaging

- Applications
 - Full case consumer goods
 - Compliance labeling
 - Split case wholesale distribution
 - Automated and semi-automated packaging
 - Boxing systems
 - Document insertion and labeling
 - Split case direct-to-consumer & drop ship
 - Automated cold seal
 - Integrated Automated Bagger
 - Bagger
 - Document automation
 - Pack list
 - Shipping and compliance labels



Improve Ergonomics

- Work Station Set Up
 - Organized
 - Stocked with all packing
 - Filler to keep packer packing
 - Minimize touches
- Packers Incentives = Productivity Gains
- Necessary Tools
 - Bubble cutters, tapers



Financials

Labor is the largest portion of a Distribution Center's variable costs



Labor Costs

- Typical Scenario
 - 10 Packers, 7.5 hr shift = 4500 Packs Burden Rate; \$150 / hr or \$1125 / shift
 - Labor = \$.25 per pack
 - 1 Packer, 7.5 hr shift = 4500 Packs Burden Rate; \$15 / hr or \$112.50 / day
 - Labor \$.03 per pack



Labor Costs

- Automated Solutions – Reduce Labor
 - 1,125,000 annual packs
 - \$00.225 saving per pack
 - A \$225,00 annual savings



Questions?



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