9 Warehousing and distribution

G. HAZLE and M.A. TERRY

9.1 Recent trends

The purpose of the warehouse operation is to hold the stocks of finished product in an enclosed, hygienic and climatically suitable environment in readiness for its orderly and timely onward distribution to the customer. It also includes the important task of stock control.

Although the number and type of functions can differ according to whether the company manufactures its own brands, processes brands on behalf of others, or markets, under its own brand name, products that have been processed by a co-packer, the basic requirement remains the same. This requirement includes the placing of the cans into cardboard cases or trays, packing them into conveniently transportable unit-loads, identifying them with a code that allows them to be drawn off in rotation and the stacking of the unit-loads so that they are accessible for despatch.

The warehouse operation can also include the holding of the product during incubation, the carrying out of further quality assurance checks and the labelling and packing of the cans. Some warehouse operations also include a facility for the re-packing of cans into customised merchandising packs specified by the customer.

Compared with other food sectors in the developed industrial world, the warehousing operations of the canned fish and meat industry are still relatively rudimentary. The industry has, after all, been established for many years and managers, understandably, have been reluctant to spend money on making drastic changes to what they believe are thoroughly well-proven practices. Furthermore, the product is not in itself inherently difficult to store.

Hence, products are commonly stacked on pallets and block stowed, although in lesser developed operations, stacking directly on the floor occasionally occurs. In some countries, notably the USA, a slipsheet is placed between the product and pallet in preparation for shipment. This slipsheet is a pallet-sized sheet of high-quality cardboard with tongues which allow it, together with the stock, to be moved off the pallet using special trucks.

For many companies a high degree of manual work is still involved in transferring the product to the warehouse, in handling it inside the facility and in carrying out the on-going stock control procedures. Because it is so
labour-intensive, this type of warehouse operation can be costly to run and more liable to error.

Recent years, however, have witnessed the start of a gradual trend within the industry towards increased automation and computerisation of the warehouse management function. The trend has been driven largely by the giant retail grocery supermarket chains in Western Europe and the USA insisting that their suppliers match their own highly sophisticated logistics systems. In a bid to keep their operating costs down and remain more price-competitive, these grocery retailers are seeking to carry smaller and smaller inventories and are, as a result, demanding that their suppliers make smaller but more frequent deliveries.

This just-in-time approach, however, can make life very much more expensive and taxing for the supplier. But, because the concentration that has taken place within the grocery retail industry in both Europe and the USA has resulted in a high degree of purchasing power being passed into the hands of just a few retailers, their suppliers, understandably, are reluctant to resist these changes.

The trend, therefore is for the canned fish and meat companies to move away from using the traditional, labour-intensive, block-stacking arrangements. Some are already beginning to operate warehouses that are fitted with bays of metal racking, on which pallets can be stacked up to seven high. They are beginning to make greater use of mechanical systems for transferring product from the factory and onto or off lorries. Handling systems inside the warehouse are also making greater use of automatic equipment and are being used in combination with computer-driven warehouse management systems. Such systems enable the operations to be speeded up, allow the progress of individual items through the supply chain to be tracked and help reduce the risk of error and damage. They also help to increase the accuracy and efficiency of the stock control and customer order and delivery systems. Suppliers in Germany and the Benelux countries are currently taking the lead in these developments.

The computerised management systems use laser-driven, bar-coded EPOS (electronic-point-of-sale) technology and can theoretically form a direct information link between the cash-till at the supermarket check-out and the fork-lift truck operator selecting items for a delivery consignment at the picking face in the supplier’s warehouse. Significantly too, such developments will inevitably have a knock-on effect for the canners with factories in the emerging nations since their customers will expect them to arrange for their own management information systems to be able to interface with such links.

Although such systems are making the replenishment cycle much shorter, down from 4 weeks to 1½ weeks or even less, in terms of cost per tonne the more frequent deliveries, if not managed correctly, can result in a big on-cost for the supplier.