



SOLO CUP CASE STUDY

ROI on Sign Installation Project

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Executive Summary

Many items can impact efficiencies or throughput in a distribution center. Software, equipment, operators, layout are just a few examples. At Solo Cup, the issue was none of the above. Their issues centered on a permanent solution for location identification in their distribution center and the in-ability for operators to physically identify the location of the product.

The Hampstead, MD facility, 1.03 million square feet included 7,076 locations at the time of this study. This facility distributes cups, plates and related Disposable products on the east coast to clients such as Dunkin' Donuts, Wendy's, Sysco, Coke, Wal-Mart, BJ's, Panera Bread and others and operates with a home grown WMS system that requires the operator to enter a 2-character alpha check digit at the location where they are making their pallet pick. Their Hampstead MD facility operates on a total of 6,500 forklift operator hours per month.

Process Pain Points

The issue Solo was encountering revolved around the ability for operators to efficiently travel and identify a bulk location to perform the picking, putaway functions. Each location was painted on the floor in a non-sequential, alphanumeric order (for example, 2 210 LQ, 2 212 CR, etc.). The locations were continually being "rubbed off" by forklift traffic and skids removing the lettering from the floor causing Solo to invest \$25,000 annually to have these locations re-painted. Unfortunately, the location marking would only last a matter of weeks in the heavy traffic areas creating inefficiencies almost immediately.

In addition to the annual investment cost of repainting the locations, Solo realized operator inefficiency and related costs when the operator could not easily read the location check digits. "When this occurred the operator would return to the work lead station and research the



check digit on the WMS, incurring valuable travel time," stated Brian Pall, Operations Supervisor at this Solo facility. "On occasion, the operator would have to travel 1000 feet or more back to a work lead station for confirmation. Throughout the workday, Solo was observing operators returning to the work lead stations up to 50 times a day to confirm a check digit." Ultimately the root cause of the additional inefficiencies and added cost was the inability of the operator to accurately determine the location and check digit in one travel pass.

The other issue Solo was realizing was picking accuracy issues due to operators securing the check digit for the location from WMS, and not reading it from the location. Solo was picking product inaccurately, this caused an increase in double handling of product and inventory accuracy. These errors increased based on the length of time since the last "repainting" of location occurred. Since the annual repainting occurred in the summer (college students were hired for this process), the error rate during the picking process increased after December 1 and continued until late May when re marking resumed.

Solution

Solo decided they needed a permanent solution to eliminate the operational issues and cut the ongoing cost of painting the locations. They contacted ID Label to manufacturer hanging signs and install them. The signs were manufactured on a high-speed press at a cost 50% less than they were able to secure from local "sign shops".

Solo also analyzed the cost to install the signs themselves compared to ID Label installing the signs, and determined it was considerably more cost effective for ID Label to install the signs.



Result

A month after the installation of the signs, Solo began to realize productivity gains. According to Brian Pall, Operations Supervisor for the Hampstead, MD location, "We documented a 5% increase in PPH (picks per hour) on the 6,500 forklift operator hours per month. This saved our operation over 500 hours per month which translated into a savings of \$6,500 monthly, and the savings have continued each month since the installation of the signs was complete in June, 2008."

With the cost of repainting locations at \$25,000 annually and the 12-month savings on efficiency gains estimated at \$78,000, the total return on this project is expected to exceed \$103,000 in the first 12 months. This project delivered a 10-month ROI for Solo given the total cost of the project.

About ID Label

Through a solution-based approach to auto identification projects, ID Label develops that best solution for distribution operations. The combination of our manufacturing capabilities and installation services make ID Label uniquely qualified to create a value-based solution for your sign and label project. Throughout our years in business, ID Label has been focused on customer satisfaction. ID Label – *Positive Feedback....Every Time.*

If you are interested in learning more about this project, and how we can help, please contact **ID Label at 800-541-8506**