
How to get into the RFID game



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Background Information

- ◆ Many manufacturers, transport companies, third-party logistics (3PL) and wholesalers are on the way to being RFID-compliant at the request of their large customers.
- ◆ Very few firms have found a way to demonstrate a solid business case for implementing RFID aside from maintaining an existing sales channel.
- ◆ This joint research project conducted by Industry Canada, Supply Chain & Logistics Canada (SCL) and industry leaders across sectors aims to provide guidance to small and medium-sized enterprises and their large customers about the benefits of supply chain and RFID applications beyond customer mandates.



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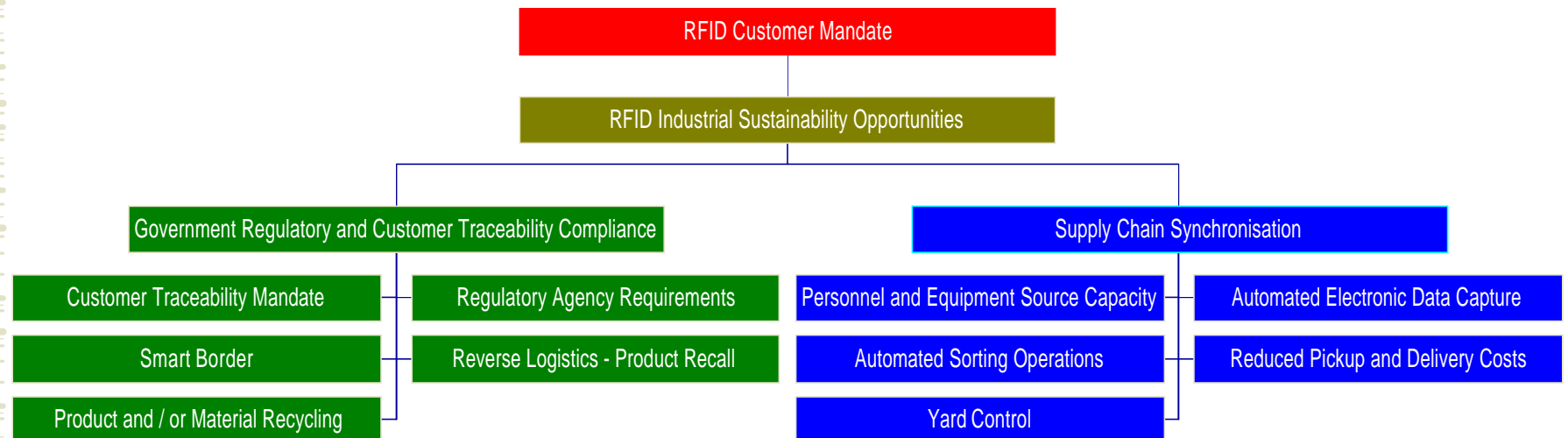
Market Trends Review

- ◆ Nearly half of Canadian large consumer product good (CPG) supply chain players anticipate using RFID technology within two years.
- ◆ 48 percent of North American firms expect an improved lot track and trace process, 45 percent expect improved product recall management, and 41 percent expect better shipping and receiving.
- ◆ 54 percent of Canadian corporations do not have a supply chain management (SCM) solution in place, nor do they have plans to implement one.
- ◆ For those who have SCM technology, only 40 percent of their solutions connect to both suppliers and buyers, 37 percent connect to suppliers only, and 23 percent connect companies to

Proposed RFID Project Team

Team Players	Involvement level	Level of Effort	
		Retail	Other sectors
Logistics Department	Steering Committee	High	High
Customer Service Department	Support	Low	Low
Information Technology Department	Steering Committee	High	High
Finance Department	Steering Committee	High	High
Operation Department	Support	High	High
Legal Department	Support	Low	Low
Business Development Department	Steering Committee	Low	High
Planning / Forecasting Department	Support	High	Low
Human Resource Department	Support	Low	Low
Engineering Department	Steering Committee	High	High
Quality / Safety Department	Support	Sector Specific	
Regulatory Department	Support	Sector Specific	
Third Party Logistics (3PL)	Support	Low	High
Key Customers	Support	Low	High
Key Suppliers	Support	High	Low
External Consultant	Support	High	High
Technology Vendors	Support	High	High
Industry Associations	Support	Low	Low
Trade Publications	Support	Low	Low
Research Reports	Support	Low	Low

Drivers for RFID Beyond Customer Mandate



Current Business Process and Technology Blueprint

RFID Objective	Solution Prerequisite
Supplier visibility	Data synchronization
Warehouse visibility	Warehouse management system (WMS)
Asset visibility	Real-time locating system and asset management system
Manufacturing visibility	Scheduling and order management
Transportation visibility	Advanced track and trace
Customer/order fulfillment visibility	Inventory optimization and integration with financial systems



Challenges Evaluation

- ✓ **Legislation**
- ✓ **Technology**
- ✓ **Standards**
- ✓ **Cost**
- ✓ **Consultant and Technology Vendor Expertise**
- ✓ **Outsourcing the RFID Process**

Impact on Human Resources

Occupations	Skill Set Requirements	Impact on Person Years (PY)
Management	Relationship / Collaboration	Short Term Special Staff Increases
Supervisor	Learning on Processes	Short Term Increases for Transition
Information Technology	Synchronising Product Masters Across Companies, Evolving Standards & Security	Increases
Sales	Exception Based / Event Management	No Impact
Replenishment / Forecasting	Exception Based / Event Management	No Impact
Regulatory	Reporting Management	Decreases Dramatically for Operational Occupations
Manufacturer - Outbound	No Impact	Increases if not Automated
Manufacturer- Product Development	RFID to Replace Bar Coding / Packaging Design	Increases Slightly
Distribution - Receiving / Shipping	Less Skill Required Due to Automation	Increases if Slap and Ship, Decreases Dramatically if Goods Arrived Labelled
Distribution - Quality Control	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations
Distribution - Inventory Counting	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations
Retail - Checkouts	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations
Retail - Stock outs	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations
Retail - Inventory Shelf Management	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations
Retail - Security	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations
Retail - Product Location	Less Skill Required Due to Automation	Decreases Dramatically for Operational Occupations

Establishment of Key Performance Indicators (KPI)

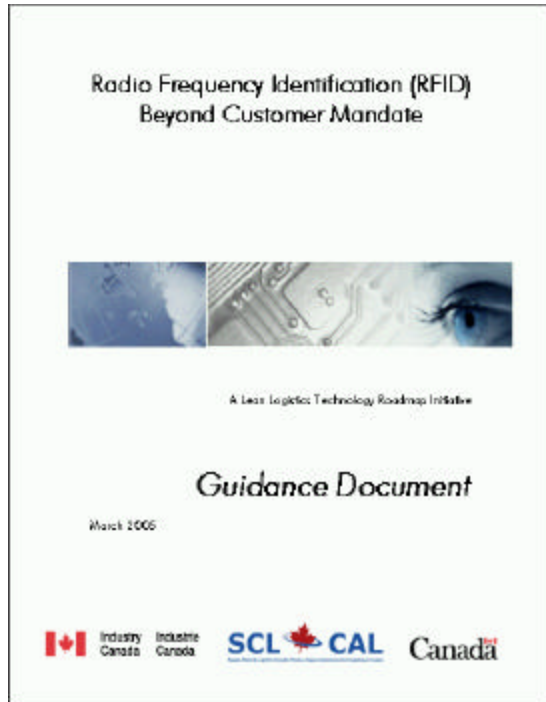
Government Regulatory and Customer Traceability Compliance

- How harmful is the return of goods to my organization?
- How critical is product recall in my industry?
- What regulations affect my products?
- What resources are required to track and trace mandated products?
- How accurate is my present process compared with an RFID-based system?
- How much effort is required to handle product recall?
- What is the potential for brand damage caused by inefficient product recall processes?

Supply Chain Synchronization

- What resources are required to determine manufacturing cycle times?
- How often are fulfillment commitments missed?
- Is work-in-process (WIP) status measured accurately, and is it ahead or behind planned windows?
- How many times does the business lose goods in the warehouse, and how long does it take to find them?
- How often is the wrong item picked or the order filled incorrectly?
- How often is the order delivered late?
- How much time and cost is expended scanning items and rechecking orders?
- How much waste does the business have from out-of-date stock?
- How often are incorrect goods received?
- How often are calls placed to locate goods are in the supply chain?
- How often do customers request goods that are not on the shelf, thus leading to lost opportunities?
- What are the benefits of having accurate unit-level and replenishment forecasting models for the organization?

For Further Information



Visit

www.sclcanada.org

and

www.strategis.ic.gc.ca/logistics

