



Walgreens's Prescription for Error Prone Shipments:RFID

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Disagreements are common between stores and distribution centers over what was received versus what was shipped. **Walgreens** understands that with 80,000 totes shipping daily to 700 stores, the potential to misship is high, as is the cost of rectifying the mistake. The company estimates it costs several times the value of the product to return it to a distribution center after it was shipped in error. Working with **Blue Vector Systems**, Walgreens has implemented RFID to help significantly raise the level of accuracy of the store fulfillment process.

The most error prone process, Walgreens found, was the loading of totes onto trailers by its warehouse workers. The likelihood of totes loaded out of delivery sequence or in the wrong trailer was high. In other Walgreens operations, bar coding, along with visual inspection was used to eliminate such mistakes, but the company felt that such a process didn't support throughput goals it had planned for the operation.

Process automation, using RFID, to scan totes and dollies, turned out to be Walgreens' solution for maintaining a targeted throughput rate and, at the same time, maintaining a high level of compliance with its perfect shipment criteria of complete orders, loaded on trailers in the right sequence, with trailers released and pulled immediately upon loading.

The lessons all can learn from Walgreens' experience are as follows:

- Identify a business process that is prone to error when operated by humans. Walgreens' recognized that the highly repetitive, time consuming work could be better performed through automation.
- Build an entire process around RFID, rather than overlaying the technology on top of current workflow. In the design of its Anderson, S.C., distribution center, Walgreens' and its automation vendors worked collectively to develop product flows and processes that would meet the company's throughput and quality requirements.