



# INVENTORY BEST PRACTISES SERIES: INBOUND

The first and one of the most important warehouse processes, a flawless Inbound Process Area becomes the foundation of accurate inventory. A bad start for incoming product - be it an erroneous receiving, wrong label, wrong location, or poor handling, will create a domino effect, costing your company far more than the product itself.



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**FREE EBOOK**

# 7 BEST PRACTICES FOR RECEIVING

## 1. ADVANCED SHIP NOTICES

Arrange to have your supplier send you an ASN via EDI (856 document) or email. An ASN is an electronic file that is sent in advance of the shipment arriving and contains the contents of a bill lading such as quantities, weight, part #, lot ID, description, carrier, load configuration, etc. Sometimes printable barcode labels are included such that scanning them allows you to rapidly perform the receipt of your goods. Bear in mind using ASN requires some systems integration between yourself and the supplier. When used ASN have been known to reduce receiving costs by as much as 40%.

## 2. SCHEDULE YOUR RECEIVING

While this is a key function of just in time manufacturing, we are seeing this used more in distribution facilities where suppliers are increasingly being held to a strict schedule and penalized if they are late or even early. So, why do it? Because many facilities have to use the dock area for both receiving and shipping, limited material handling equipment and the need to work around your picking windows. Also, if you're a cross dock facility and have to do a reverse logistics building mixed pallets of goods, then scheduling receipts is an absolute must.

## 3. SEPARATE RETURNS OR RMA GOODS

Returns from customers must be quarantined or received in such that they are not confused with good product from suppliers. Product identified as RMA and subject to inspection or re-packaging should be specially identified with a bright colored label and kept in a specific area(s) of the warehouse. At the extreme, major retailers like Walmart have gotten out of the returns 'business' and send their opened electronic goods to third party wholesalers who purchase the returned goods.

## 4. USE PART # ALIASES

Often suppliers will ship goods that have their part # in barcode format on the label. Arrange for your supplier to send their part # to you in an electronic file. This will save time having to re-label goods coming into your facility.

## 5. SHIPPING CONTAINER CODE (SCC) OR MASTER CARTON LABELS

For companies distributing products bearing a UPC label, they will receive the bulk quantities in cases or cartons. The label on the case is an SCC-14. The SCC barcode label contains the UPC code and the package indicator (quantity). Ensure your inbound system is set up to scan the SCC label and convert that scan to the appropriate unit quantities.

## 6. VENDOR COMPLIANCE PROGRAM

This ensures that product arriving at your dock meets certain minimum standards such as timeliness, packaging, labeling, and advance shipment notification. While it is fairly straight forward putting together a protocol for communications, label standards, ASN, packaging, carrier types, etc., it is much more difficult to enforce.

## 7. SUPPORT DOWNSTREAM ACTIVITIES

As part of the Inbound process, the Receiver should know if an incoming shipment going to be cross docked, sent direct to manufacturing, going to a pick face or put into overstock. Giving Receiving staff visibility to this information will allow them to take appropriate actions ranging from applying a production label, to flagging a product for cross dock to creating a mixed or “rainbow” pallet for replenishing bin locations.

# 5 RULES FOR INBOUND LABELING

This includes both raw materials and goods for resale.

Let's start by looking at the basic anatomy of a label:

- Part Number
- Purchase Number (typically your PO #)
- Sales Order
- Production Date
- Lot # and/or serial #
- Quantity

- Unit of Measurement how the above quantity is expressed e.g. each, pieces, kg, lbs.

This does not take into account specific label formats for automotive, retail, drug, food, and electronics industries to name a few.

However once the product and labels arrive at your destination the question becomes what can you do with them?

### 1. SUPPORT FOR THE SUPPLIER'S PART #

Unless you use the same part number scheme as the manufacturer, you'll need your systems group to build an alias table which cross references the manufacturer's part # to yours. The alternative of course is to get the supplier to put your part # on the label – this is not typical as it is done for only very large buyers (i.e. Walmart).

### 2. KEEP THE BARCODE FONT READABLE.

There are two areas where you need to be mindful. The barcode symbology and the width of the white and black lines as measured in thousands of inches or mil. Generally, a 10-15 mil barcode will get you a 1 foot scanning distance. We've experienced suppliers sending in labels with the part # in 1/2 the size and couldn't be scanned by our existing equipment. As for symbology, don't assume all barcodes are equal!

### 3. PARSE THE BARCODE

Often the part # or other information you need is contained in one super long barcode like a UCC label which comprises 42 characters and contains everything you need to know about the product including expiry date, weight, part #, date of manufacture, etc.

This is a relatively simple programming exercise to strip out the characters you don't need and only populate the fields with the data you need. This becomes more challenging when you have to parse a variety of long barcodes and making sure your equipment can scan those barcodes consistently.

### 4. RE-LABELING

Consider technologies such as portable printers to minimize travel time, printing the labels in advance based on ASN, make sure your warehouse application supports printing of the label,

while you are performing a receiving activity. This will save a lot of time, and remember to only print a minimum amount of information if there is already a lot of useful data on the supplier's label. Also remove or label over the supplier's label if it's not going to be used.

## 5. CREATE A LABELS ACTION COMMITTEE

We most often think of outbound labeling as involving finished goods – product that is going out the door to your customer or if you're a master distributor, your customer's customer. However, we are going to expand on this topic by including work in progress goods that are going to a third party for work that you can't do in-house and means this product will come back to you for further work or just warehousing.

How you design the systems and workflow to produce and apply these labels is critical to the efficiency of the warehouse – so where you can fold the labelling process into the workflow such that the labels are available for production upon the completion of that specific operation.

## About Portable Intelligence

*Portable Intelligence offers RF Plus™, a WMS specifically designed to integrate with and help you collect the data that you need. RF Plus™ allows for wireless, real-time inventory, from the receipt of purchased goods at the dock doors, to issuing raw materials, transfers in the warehouse and back to the dock doors for shipping. RF Plus™ provides this in one configurable package.*