

Shaped Up To Ship Out

By combining employee empowerment with automation, Polo Ralph Lauren has created a state-of-the-art distribution center □ by Colleen Moynahan

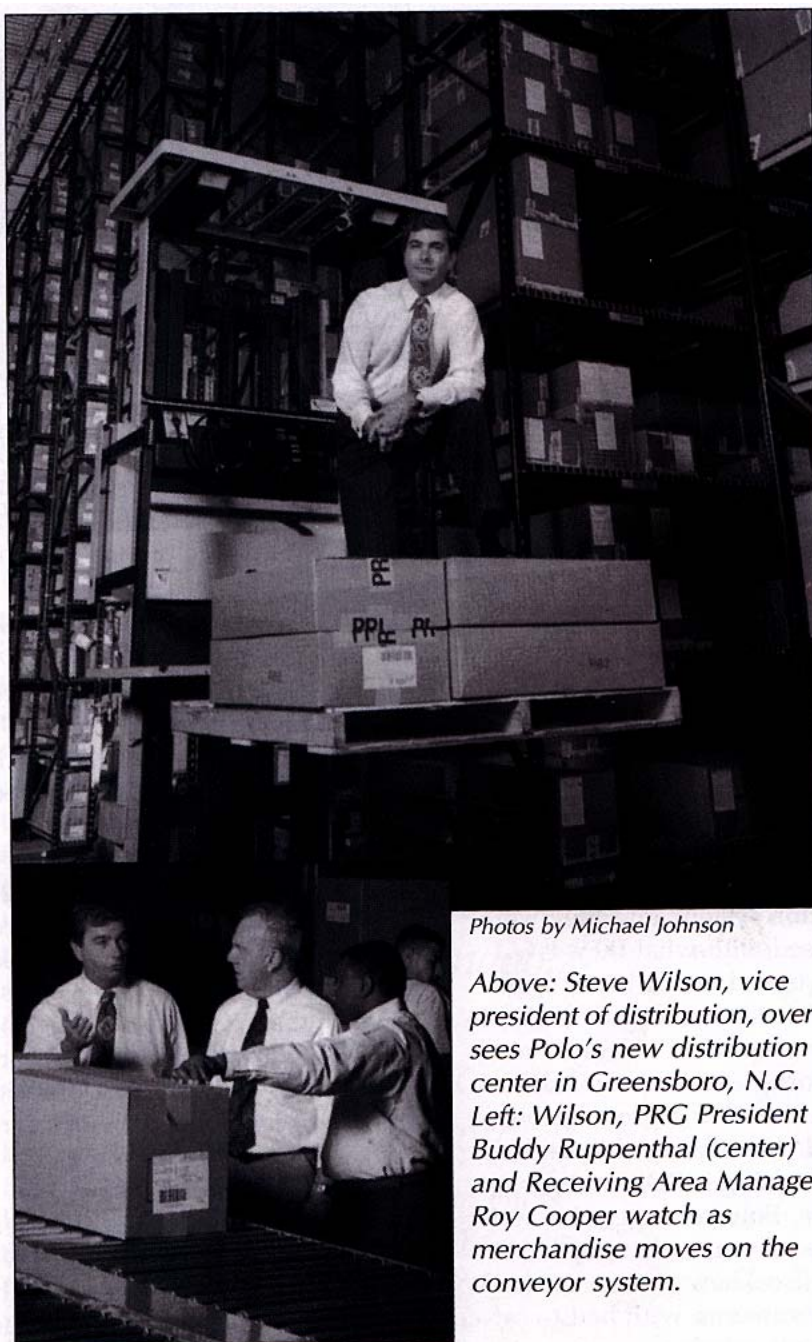
No bells ring and no whistles blow to signal lunch time at the Polo Ralph Lauren distribution center in Greensboro, N.C. In fact, if you walked into the 526,000-sq.-ft. facility at five minutes after noon you might not realize it was lunch time. You'd likely see people still at work loading and unloading merchandise, picking and packing orders and generally keeping track of all the goods that arrive from the company's almost 50 manufacturing facilities and contract operations in the United States and Asia.

It's not because the powers that be at Polo have banned lunches and break times. On the contrary, the higher-ups have decreed that employees at the new distribution center may take their lunches and breaks whenever they wish.

Preposterous, you say? How will anything ever get done if everyone is coming and going, taking breaks and lunch hours outside generally established time frames?

Just ask Steve Wilson, vice president of distribution, or Jim Hicks, executive vice president of operations. They can tell you how flexible breaks, among other employee empowerment practices and technology investments, have contributed to productivity gains of 20% since the new distribution center opened in late 1990.

"What the employees used to



Photos by Michael Johnson

Above: Steve Wilson, vice president of distribution, oversees Polo's new distribution center in Greensboro, N.C. Left: Wilson, PRG President Buddy Ruppenthal (center) and Receiving Area Manager Roy Cooper watch as merchandise moves on the conveyor system.



*Photos by
Charles
Womack*

do was if they got off at 4:30 p.m., they'd start getting in line by 4:20 p.m. to position themselves so they wouldn't have to stand in line at the time clock very long," says Hicks. "At lunch, they'd get into position before noon so that they wouldn't have to use their lunch hour standing in the clock line.

"Now if they're halfway through an order and it's noon, they go ahead and finish it. That way, when they come back from lunch they don't have to remember where they were, which causes errors. Now, they're acting like adults instead of running like kids when the bell rings for recess. They finish their job and go to lunch when they want to."

Oppportunity knocks. The opportunity for implementing such empowerment came when Polo decided to scrap its old distribution system and create a state-of-the-art center from the ground up.

Five years ago, managers at Carlstad, N.J.-based Polo Ralph Lauren reviewed the company's distribution system, and they were not pleased with what they saw.

Antiquated machinery combined with costly methods yielded a system that didn't always meet the customer service demands of Polo clients. With a growing business and the advent of electronic data interchange (EDI) and Quick Response, Polo managers knew it was time for major change.

They also knew whatever solution they came up with had to satisfy current retailer requirements



Top: Pete Wright unloads incoming goods on to the conveyor. Above: Rod Charles scans inbound cases and the computer automatically updates the inventory.

and be able to adjust to the evolving retail environment of QR.

It wasn't an easy problem to solve. Some of the snags the men's sportswear manufacturer identified included missing or scattered inventory.

"We began tracking inventory about five years ago, and under the old system about 10% of the inventory was "unfindable" because of inaccurate records," says Hicks.

Even when goods could be located, they were sometimes scattered across the country among Polo's six warehouse facilities formerly in New Jersey, Georgia, Massachusetts and Greensboro.

"To fill one customer's order you may be shipping it out of several different locations, which means the receipt of that order might be somewhat haphazard,"

says Wilson. "Then of course you generate a lot more shipments,' lot more invoices and transportation becomes more expensive."

After conducting studies and comparing options, the company determined that one consolidated center would eliminate duplication of services, paperwork and freight costs. Greensboro's proximity to major air and ground transportation routes, as well as to a majority of Polo contractors in the Southeast, helped pinpoint the location, says Wilson.

The new center opened in 1991 and was fully operational by the end of the year, says Wilson. Automation in the form of bar code scanners from Symbol Technology and a Rapistan conveyor system about 1.7 miles long have replaced manual data entry operations.

"We utilize bar coding and scanning extensively to the point that we almost operate in a paperless environment," Wilson says.

Now when goods arrive at the facility, bar-coded information is immediately scanned into the computerized inventory, much like merchandise is scanned at a grocery checkout counter. The IBM AS/400 computer, which interfaces with the corporate mainframe, continuously updates itself and tracks the goods as they travel on the conveyor to the forklift operators.

"Once it goes to the reserve, the forklift operators, who basically have a computer system on their forklifts, scan the cartons into a location and the computer is instantaneously updated as far as where that inventory is," says Wilson. For outgoing merchandise, the

Below: Hi-Low machine operator Darell Tucker puts merchandise in the high bay area for storage.
Right: The storage area at the Polo Distribution Center.

Photos by Charles Womack



computer generates directives stating which goods must be pulled from storage and sent to the active picking area on the conveyor.

"The conveyor system will actually direct the cartons to the appropriate location on one of two floors and simultaneously that specific location will be ink jetted on the carton," says Wilson. "Stockers use hand-held RF (radio frequency) devices to scan these cartons into active inventory."

The whole restructuring of the distribution system, including the automation, was a multimillion-dollar investment, though Wilson would not disclose exact figures. However, the payback in accuracy has justified the expense.

"From an accuracy standpoint, it's the best that we've ever been. We're well over the 99.8% accuracy rate on outbound shipping and internal inventory controls," says Wilson. "The physical inventory that we conducted at the end of March had outstanding variance rates."

Empty empowerment. Polo didn't stop there. In its quest to be "the best distribution center

relied on empowerment, training and coaching to garner the best from its workers.

The new center gave Polo managers the opportunity to implement such a philosophy right off the bat.

"We didn't want to squander the opportunity of starting up an operation," says Wilson. "It's not really that often that you have the chance to start a new facility from ground zero. We identified early on the importance of establishing the proper culture."

Enter the Professional Resource Group, an Atlanta-based consulting firm. As former colleagues at Kurt Salmon Associates, Jim Hicks and PRG president Buddy Ruppenthal had

worked together previously had discussed the benefits of employee empowerment. With PRG's assistance, Polo set about putting those discussions into action.

"Our work there has primarily

involved the people aspect," says Ruppenthal "bringing the people in to match the modern technology of a modern distribution center."

Ruppenthal stresses that the process was pervasive and focused on ensuring things were done correctly from the beginning.

"We didn't see anything that was 'wrong,' we just saw a lot of things that we wanted to do right," he says.

PRG's strategy starts with hiring, finishes with employee feedback questionnaires and covers all the issues in between. Its tools are care-



With the old system, about 10% of the inventory was "unfindable" due to inaccurate records.

— Jim Hicks
Senior Executive
Vice President
Of Operations

ful selection processes using detailed tests — compiled and validated by PRG's Warren Bobrow, Ph.D. — consistent training and empowerment.

"Everyone that is hired at Polo has passed the test," says Ruppenthal. "And every area has a test battery. The general warehouse personnel have a basic test that differs from quality control, which differs from customer service and so on. All of these are validated tests that meet the guidelines."

Then employees were given detailed instruction, with plans to cross-train about 85% of the workers. "Everybody on every job was formally trained on how to do that job. And in departments where it was feasible, they learned to do virtually all jobs," Ruppenthal says.

Training even focused on interviewing, which is conducted by the area manager and one of the operating personnel. In this way, Polo hopes to establish a "degree of ownership" whereby company associates immediately take new employees under their wings.

This effort already has yielded low turnover rates and employees with the know-how to make deci-

Employee feedback was able to spur changes in everything from work schedules to the selection in the vending machine.

sions traditionally left up to supervisors.

"Supervisors are encouraged to say now, 'You go ahead, do the job and make the decisions, keep me informed, but let me do other things that are more important to the organization than crossing the T's and dotting the I's.' "

Attitude surveys distributed recently also show proof that this system is working. Not only were employees secure enough to bring problems to the table, many had positive comments about the working conditions.

And employee feedback was able to spur changes in everything

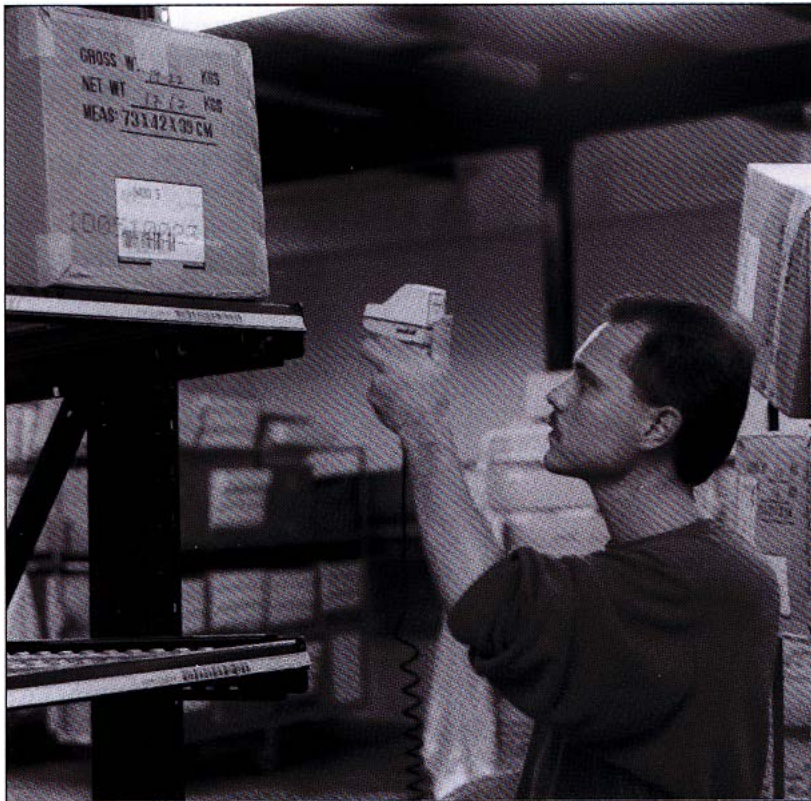
from work schedules to the selection in the vending machine. It also has aided in improving of operations.

"The people in pick pack helped design the buggies for picking and packing — the kinds of wheels and the locations of the various pieces. They had true input into the design of the buggies, not just *T-ley*, what do you think?' sort of thing, but real input," says Ruppenthal.

For manufacturers interested in following Polo's lead in empowerment, Ruppenthal recommends that they have the support of senior managers, the commitment to see the project through and willingness to devote the time and effort to researching the process thoroughly. He cautions that implementing such empowerment in an established facility where the traditional methods still have hold may mean addressing a whole realm of other issues. But the basic idea is the same, Ruppenthal says.

"Treat people like adults." □

Colleen Moynahan is associate editor of Apparel Industry Magazine



Photos by Charles Womack

Left: Ken Winfree scans a case into active stock. Above: Radio frequency devices also are used to update the computer inventory when goods are shipped. Pictured (from left) are Bryan Hastings, Vinnie Piccirillo, director of transportation, and Anibal Abella.

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