

# MODERN Materials Handling

PRODUCTIVITY SOLUTIONS FOR MANUFACTURING, WAREHOUSING & DISTRIBUTION

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mmh

PRODUCTIVITY SOLUTION

## Spiffed up **distribution**



*Items are picked directly into returnable totes that are palletized and shipped to stores. Average turnaround for totes back to the distribution center is 14 days.*

From its distribution center in Tulsa, OK., State Service Systems ships beauty supplies to more than 240 independent distributors and company-owned stores in 15 states. Each month the company was shipping nearly 30,000 corrugated cartons filled with a range of eaches from bottles of shampoo to tubes of tanning lotion.

Unfortunately, customer satisfaction was low and operating costs high. Manager Russell Walz explains that the

cost of corrugated boxes, tape and bubble wrap was excessive. Furthermore, theft from and damage to the boxes was common. Finally, packing slips could run to 90 pages for a shipment, making it extremely difficult for customers to receive cases efficiently.

The first step was to replace the cartons with reusable containers (Monoflo International, 800-446-6693, [www.monoflodirect.com](http://www.monoflodirect.com)). Each container is deep enough to accept the

*By replacing corrugated boxes with returnable totes, State Service Systems saves \$100,000 a year shipping orders to its beauty supply stores.*

tallest shampoo bottles in an upright position. In addition, a full case of product can be placed into the container when break packing is not necessary. The company now averages 14-day turnaround for return of containers.

Packaging costs were reduced by more than \$100,000 in the first year. "The return on the investment was met in less than six months," says Walz.

State Service also implemented a quality verification system for its 14,000 stock keeping units (SKUs). The weight of all products is in a database. By weighing each fully packed container before shipment and comparing that to the expected weight, it's known if what's inside is accurate, all but eliminating shortage complaints. Order accuracy is now 98%.

While the plastic containers provide additional physical protection to what's inside, rivet-type snap seals provide additional security.

To complete the project, State Service implemented a new packing list program. Now a separate packing list is issued for each container, making customer receipts much more manageable.