

White paper

Tracking to the *Right* POD System in Food Distribution

The food industry is like no other. The distribution process through the supply chain must be timelier, more efficient and more accurate than nearly any other industry. If that was not enough challenge the food distributors have the daunting task in today's economy of not only complying with food industry regulations but also efficiently operating large fleets, managing a mobile workforce and keep an eye on all important customer service quality.

An important piece of the mobile distribution solution that makes much of this possible is a quality Proof of Delivery (POD) system. A POD system will not only increase accuracy in deliveries, but also ensure traceability of products which is especially important to the perishables industry in the event of a recall due to contamination, an e-coli outbreak or passed expiration dates. By implementing an advanced, cohesive POD system, you will take advantage of technological advancements that you may not even know exist and work toward compliance with the Produce Traceability Initiative (PTI).

But you already know this. POD systems have been around for a while and proved their value time and again for many companies. You've seen the statistics and you know that your company can't succeed without a new POD system. The question now, is how to choose the right one to not only manage the POD operational workflow but also help manage the fleet and mobile workforce. With hundreds of solution providers in the industry, it is extremely important to choose an implementation partner with the expertise and knowledge of the products in the market, but also the desire to understand the needs and vision of your company. Many companies look at implementation projects as just that—a short term project to install the required elements. Instead, you must find a company that has your best interest in mind and plans to not only recommend the best products, but install them and maintain a relationship with you long into the future to ensure that your system continues to function properly.

With this partner, the journey to find the right POD system is easier than you may think. To get you started, here are five easy steps to walk through with your implementation partner that will have you up and running with a POD system perfect for your company in no time.

1. Conduct Discovery/Mobile Assessment

There are several phases to discovery. First and foremost before you start out on any journey of this type it is good to understand your destination and your goals related to that destination. Let's face it; no business buys technology because it is cool. They buy technology to serve an operational purpose so knowing your purpose is a great first step.

What is your operational purpose?

- Are you satisfied with your current level of automation or do you want to improve it?
- Are your customers satisfied with your solutions or are they demanding improvement?
- What are your competitors doing and why?

- Are there ways you can improve your business processes & what are the desired results of those improvements?
 - Operational efficiency labor reduction,
 - What tasks do your workers do every day,
 - How often do they repeat the task, and
 - how long does the task take
 - Customer service improvement,
 - What questions do your customers frequently ask
 - What causing the largest number of customer service calls,
 - Can you automate that process and eliminate calls
 - Reduction in environmental impact,
 - Are you burning more expensive fuel they you need to,
 - Are you drivers taking the shortest route via their favorite diner or direct to your customer
 - Are your vehicles being turned off during the day or only at night
 - Revenue assurance, or
 - Do you get paid for all of the services your drivers deliver
 - Are there incremental items that don't get billed reliably
 - New revenue generation?
 - Are there services your customer find valuable that you can't perform
 - Is there information that you can't gather today your competitors are supplying
- Or are you simply replacing old outdated technology?
 - Is your current solution reliable
 - Does it often break down and do you know your failure rate
 - Figure it out, it is as easy as X,Y & Z:
 - X = number of devices that fail to perform all of their duties every day / per month
 - Y = total number of systems currently in place
 - Z= your annualized failure rate
 - $(X*12)/Y=Z$
 - What does it cost you in productivity, customer service, rework, and lost revenue every time a system fails
 - How often is acceptable

Once you understand your destination, what is your goal? As the old adage goes you can't manage what you can't measure.

- Are you looking to eliminate paper handling and thus remove 10% of your non value added labor expense?
- Can you lower your operational expenses by 5% by eliminating excess miles driven?
- Can you improve your revenue per vehicle by 2% by eliminating time consuming manual processes?
- What goals can you set and measure for your project?

So once you understand your destination and your goal to measure success you are almost ready to set out on your journey.

But wait: Before evaluating what to buy, it is necessary to take inventory of what you already have in place - both in the office and in the field. This is done by conducting a basic discovery and mobile assessment that will create a starting point from which you can build the perfect POD system for the specific needs you identified above. In this step, you will take inventory of your entire system and list the pros and cons of each piece. Take note of what works well for your corporate goals and what can be improved.

This point is another great time to take a step back. Often companies evolve over time implementing the next logical piece that fits in their current puzzle. Often as well the individual pieces may be the best fit for the constraints of the broader system and not the best choice for the job. This is your chance to make that right. Often times this one step back can net thousands of steps forward in return.

Let's take a look at the overall system. Do you currently have a POD system in place? If you do, it is more than likely a home-grown system built piece-by-piece as new needs arose within your company. Although this has worked so far, it is important to implement a system that can grow with your company. Now, consider the benefits of your current system and determine what is working well and what you would like to see included in a new system. Are there any shortcomings that need to be addressed? This is an area where you can draw upon the experience of your implementation partner to find the right technology to overcome these inadequacies.

Once you understand the overall system benefits and shortcomings, look at the individual pieces utilized in the field.

How do you manage your drivers and keep track of deliveries?

- Is this done in one system fully integrated or with several pieces operating in parallel? Are you optimizing your fleet and driver utilization?
- Sure your drivers have been on the route for years but are they performing the tasks in the optimal manner?
- How prepared are you for the impending regulatory changes that will impact your driver productivity?
- Are your fleet vehicles operating efficiently?
- Do you take many customer calls for updates on deliveries? Do you monitor driver progress through the day? Is it with traditional methods of geofencing or breadcrumbing via global positioning systems (GPS)?

So now that you have an idea of your fleet management needs how does your customer interface point look?

Does your driver carry a clipboard? Why? The likely answer is to hold all the paper they must deal with.

- What types of papers do your drivers touch during the day and why? Do they have customer invoices, bills of lading and other freight delivery related forms? Can these be automated and eliminate the paper, errors & complexity?
- How do your drivers document overages, shortages and damages? Handwritten on the papers?
- How do your drivers document special services or other incremental items that drive revenue generation? On paper?
- Do your drivers know the exact pricing and current promotions for each of the products they are delivering at all times?
- Have these papers ever gotten wet or lost or left behind at the customer's site? What did that cost you in lost revenue, time and customer service?
- Do you collect payment on the spot? Could you or your customers benefit from automated credit card processing? Would that increase your sales?

Your existing methods may have achieved the goal of maintaining an overall picture of the current situation in the field, but there are advanced options available if you move the technology out of the truck and put it in your drivers' hands with rugged handhelds. By utilizing advanced handheld devices equipped with GPS tracking systems, not only can you more accurately track your deliveries, but you can open up the possibilities for real-time delivery confirmations and customer receipts.

2. Analyze IT / Business Roadmap

In this step, it is important to conduct an assessment of your current information technology (IT) infrastructure within the office and determine what you want to achieve in the future. Take into consideration how smoothly each business process is currently running and how each can be improved. Does your company still rely on manual data entry and invoice generation? This process isn't just time consuming while duplicating efforts, but it also increases the opportunity for errors. A good rule of thumb to remember is that every manual step increases the likelihood of data errors exponentially. 2 manual if you move from 2 manual processes from three you have not only removed one step and the associated labor but eliminated 33% of the opportunities to create errors and the resultant cost associated with those errors.

Can your dispatch operator see a real-time picture of each driver's location and which deliveries have been made? With the ability to converge information from multiple systems into one solution, your dispatcher can use a single, unified dashboard instead of constantly flipping between cumbersome programs to see the full picture. With more information at your staff's fingertip, the distribution process will be smoother, your records will be more accurate and your company will operate more efficiently because your people are making better more informed decisions. Looking toward the future, what are your plans for your company? Are you looking to expand your delivery fleet or increase the number of customers for whom or to whom you deliver? These are factors you need to consider when choosing a new system. It is vital to make sure that the technology you implement not only meets your company's current size and needs, but is flexible enough to grow with you. That way, you won't be stuck with a solution that you will have to replace in a few years. A good partner will not only ensure your system will scale as your company grows, but will be there to make sure it works correctly.

3. Review Technology & Manufacturer Advancements

With a firm grasp on what your company is currently using, it is time to step outside the corporate box and observe current technology and manufacturing trends in the market. What is the future of POD systems and how can this help your company be even more successful?

By far the most important advancement in food distribution in recent years is the establishment of the Produce Traceability Initiative (PTI) – as a nation-wide initiative to ensure supply chain-wide adoption of electronic traceability for every case of produce by the year 2012 (Produce Marketing Association on producetraceability.org). With mobile solutions that provide end-to-end visibility and control over inventory, a distribution company will be able to see that every pallet, case or item tells a story – anywhere, anytime. Many of the elements necessary to attain accurate and complete traceability information while

accepting and moving goods are now part of the handheld devices. Because distribution companies are put in the unique position of delivering products, but not labeling or coding them, they must make adjustments within their systems to accept a wide variety of barcodes to capture the PTI information.

By incorporating these features into your new system, you will be prepared to accommodate new PTI information as it emerges. This will enable you to successfully track and trace any product that your company has accepted, processed and delivered—down to the specific case—if there is a recall or contamination such as an e-coli outbreak. You will be able to go directly to the end point and pull these products from the shelves in a timely manner.

Another important advancement in POD systems is the reduction of paperwork through automation and real-time data transmission. Not only does this eliminate errors, save time and increase return on investment, but it also takes the environment into consideration. By automating the invoicing and order confirmation processes using barcodes, RFID tags, or other technologies such as magnetic strips, drivers in the field no longer have to worry about triplicate forms, signatures, data entry or pricing information. Today's solutions are equipped with Bluetooth capability which can wirelessly connect the handhelds to a mobile printer in the delivery truck and print receipts, manifests, product details, marketing information and many other things for the customer. Not only does this provide an accurate record for the customer, but also an electronic delivery confirmation that is sent back to your main office in real time. This automated process eliminates the need for manually entering hand-written invoices into the system or spending excess time downloading data upon the driver's return to the office, thus creating the clean and perfect invoice. All of these items contribute to the efficiency and accuracy of your entire distribution process and ultimately speed up your reconciliation process improving cash flow.

4. Learn about Customer Successes/Failures

Now that you know where you want your company to go and what you want to accomplish, start asking questions about your partner's previous implementations. Considering the number of POD system installations that have been completed to date, there are a plethora of successes and failures to draw upon. No company is perfect, but a good company will have learned from unsuccessful implementations and be happy to tell you why those experiences have made them better at what they do. These examples will also provide a solid basis for making decisions as to what hardware, software and services would best fit your company. If you are looking to implement GPS tracking in your handheld devices and a converged tracking system for your dispatch, look into similar installations to see what functionalities this type of system would offer or where integration issues may arise.

5. Make an Educated Decision

Finally, it is time to make your decision.

By taking a look at all the information and insights you have gathered, you can compare it to the recommendations of your trusted implementation partner and decide what makes the most sense for your company today and into the future.



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