



ADVISORY

NEW BRANCH SALES TECHNOLOGY

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New Branch Sales Technology

Our normal policy is to avoid any statements that could be considered an endorsement of any vendor, supplier, or company. Ethically it is best not to provide what amounts to free advertising for anyone. This *Advisory* violates this principle.

At the International Manufacturing Technology Show at McCormick Place, one of the exhibitors introduced a new product that we had proposed some years ago. Our original concept was the establishment of free standing branch locations that would be open 24/7/365, cheap to initiate, require no personnel to run and bring your inventory to more customers, closer to the point of usage. Doing this "robo branch" is an extension of technology that has been exhibited at the STAFDA Conventions by vendors who have displayed their "tool vending" machines for perishable tooling.

The Design Concept

The design is relatively simple; rent or purchase a garage or relatively small building, move in a number of these self-contained cabinets and use the built in computers to initiate and monitor activity. Essentially a customer would enter the "branch" using an electronic pass card, the lights turn on, a camera starts recording, and the individual can take things out of a specific wire mesh enclosure, cabinet, drawer, or bin. Since only their space would be open, the remainder of the goods would be unavailable. Common vending elements would then be utilized for "things forgotten" such as electrician's tape, 16 penny nails, and similar multi-trade products. If something needs to be ordered, an on-site terminal can be employed to verify inventory,

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delivery, and other information.

In terms of the technology to implement this concept in a basic format, the hardware and software have been available for at least 15 years. A few companies have dabbled in doing this, but the primary focus has always been on a point of usage tool room, not a full service supply house branch. Until recently, the computational power, systems integration, and recognition sensors have not been in place at a competitive price. This has changed dramatically.

Several of the stand alone tool vending machine manufacturers are now offering more sophisticated sensors and programs to make the overall process more user friendly. Entry portals can be equipped with non-contact recognition so that an individual who enters will be registered and admitted (or turned away) based on their Radio Frequency Identification (RFID). Shelves and bins can be used to not just support the products, but also weigh and measure the quantity on hand. Higher-value items such as diamond bits and blades can be stored in high-security cabinets with access limited to a select few individuals. Reports are more sophisticated and management friendly; and no computer literacy is required to utilize these systems.

Anyone with programming knowledge, access to the technology, and a decent budget can adapt this technology to their particular environment and sales philosophies. In fact, most of the vendors will provide support to do this...if one asks.

The New Product

At the IMTS Exposition, CribMaster (www.cribmaster.com) introduced their Automated “Mobile Tool Facility” (MTF), a trailer-mounted version of their standard products. This vehicle takes things to a much higher level. Any prequalified individual can enter an otherwise standard trailer if they are recognized by the security system. Once in the door, any product on any open shelf can be removed and this transaction is logged as the customer leaves. These sales will automatically trigger replenishment, invoicing, and special notifications without human intervention.

The “magic” that makes this work is the use of RFID tags on the products as well as the person. Entry triggers a radio impulse to query the individual’s identity card. The card intercepts the signal and returns an appropriate recognition code. No power system or battery is required because the antenna on the card generates the electricity for a self-powered response. Similar tags on the products tell the system when an item is removed and this is seamlessly integrated with the account, job, individual, or other billing and usage information. All transactions can be logged for later download, uploaded using cellular messaging systems, or maintained on site.

Others can and undoubtedly will do their own versions of this, but the MTF is the first offering of a fully integrated system, packaged in a format usable. **CribMaster/WinWare will be a new exhibitor at STAFDA’s Technology & Consultants’ Fair, November 9, from 7:30 – Noon, during the Denver Convention & Trade Show.**

The Ramifications

From a sales perspective this should be obvious. Any tool distributor can park this trailer on a job site with their name prominently displayed. Every tradesman can then access the unit at their leisure, take what they need, and be accurately billed. This is a full-time extension of the more familiar tool sales route truck, but with far more versatility. It is even possible to subcontract space to other supply houses who can use this to display and deploy their products.

Scaling this concept up is as simple as parking a flat bed trailer perpendicular to a line of MTF trailers

with stairs or a ramp at one end. The elevated flat bed then becomes a loading dock as well as a staging area. Add a simple porch roof and foul weather operation can be safer and more comfortable than the more traditional job site sea-land container or trailer. If more than four units are required, add more flat beds or cluster the “branches” around any three-sided raised platform. With one side open, this area can serve multiple functions, including product transfer, common washrooms, offices, or on site dining.

Customers have continuous access regardless of shift or weather conditions. Anything that is sold can be traced and this leads to periodic reports to pin point usage, trends, activities, and other information. These reports can be provided as printouts, tabulated, charted, or in an electronic spreadsheet format. The more sophisticated users can then establish limits to trigger management intervention on an exception basis (why did one man take 12 hammers?) or cost the materials and tools into specific jobs or accounts. Greater information and accuracy can be used to refine bidding tools and ideally result in more jobs for them and more sales for you.

Air conditioning, heat, and other environmental conditions can be controlled on site and will be fairly economical with a fully insulated trailer. These are readily available if one starts with a standard refrigerated unit. Foundations can be nothing more than a suitable paved or stone/gravel surface. No special preparations would be required. Power requirements can be minimized with LED lighting and the same self-contained HVAC unit can generate power without connecting to the utility. Even better, there is no real estate tax levied on a parked trailer. Licensing and DOT requirements will depend on the frequency of relocation.

Stocking and restocking will require placing RFID tags on every single item or bin. For materials such as tools, this is a simple proposition that can be performed at the factory or warehouse. Loose fasteners and similar items can be weigh counted by an intelligent shelf. For security, the tags need to be difficult to remove so that one can review camera captured images for suspicious activities if there are discrepancies. Shelves that double as scales can be programmed to detect overages as well as under counts by using a simple algorithm that takes the known weight and requires that the shelf always have a multiple of this base number. If the customer leaves something behind, the system would then remind them to take their item (car keys, tools, products) off the specific shelf.

Vibratory and locking sensors can be used to provide security for the entire MTF. No one gets in unless they break these barriers, trigger the alarms, and otherwise alert everyone of the attempted theft. External doors can also be locked magnetically to detain unauthorized individuals until authorities arrive. While there are still ways to enter by cutting a new “door,” a solar-powered back up battery system will allow for continuous monitoring and control everywhere except the northern slope of Alaska or some other area where the days can be quite short.

Drivers will be expected to restock this “branch” by placing the materials into specific bins and shelves. Doing this has already been pioneered by snack, soda, magazine, and other “Rack Jobbers” who provide these services to food and convenience stores. The time spent on-site will be far less than if they were delivering the orders or products to multiple locations. Goods entering through the portal can be automatically logged in, even if the items are in boxes or tote bins. Checking is instantaneous, on-site and if the order is incorrect, disposition, and inventory corrections can be immediately implemented.

Orders at the warehouse level will, by definition, be larger and an efficient distribution center should be stocked as a mirror image of the MTF. In this manner, as goods are removed from one facility they can

be picked and packed as one operation; in a sequence that optimizes the restocking function. Checking is a non-problem because it can be accomplished with sensors in the warehouse or at the doorway portal. Mounting the RFID sensors on the picking vehicle can provide immediacy for the picker and automatically spot errors at the point of origin.

Similarly, stocking the warehouse or DC at a high level of accuracy, performing inventory counts, and other activities is simplified with the level of control available at every link in the distribution chain. Wal-Mart has provided the model for this and the technology to make it work is becoming less expensive and more available.

With the introduction of a single source for the trailer, there is essentially no real entry barrier and the first distributor to embrace the technology will be positioned to use the concept for their own operations then franchise or sublet space to others. A more than adequate return can come from increased margins on products stocked on site, fewer stops for small deliveries, increased sales to every contractor and sub on a construction project, reduced handling and labor costs, and that all important advertising value for you and your vendors who purchase co-op space on the trailer. This also positions your company to have a monopoly on the larger quantities of tools and fasteners purchased for the project. Guaranteed sales through a unique product; higher margins and guaranteed purchases for things forgotten; reduced labor content; and more predictable overhead with controlled distribution all make this a potential win-win proposition.

Now are you interested?