

Cross Docking for Manufacturers Part 2

Interest in Cross Docking is Strong, but Operational and Technology Barriers Exist

SCDigest Editorial Staff

As noted last week, there is much interest in various forms of cross docking generally, but it is difficult to achieve in practice for many manufacturers. (See [Can Manufacturers Successfully Execute Cross-Dock Strategies?](#))

The practice is common in retail, where DCs are often organized in a “door per store” layout and the order fulfillment process lacks some of the complexities that often make cross dock/flow through easier to implement than it is for manufacturers.

Due to the potential to reduce DC labor and in some cases transportation costs, interest in cross docking remains high for manufacturers.

A report on cross docking released last year by logistics service provider Saddle Creek Corp. supports that view. As seen in the graphic on the next page,, 52% of those surveyed say they do some level of cross docking currently, while another 13% say they plan to start cross docking, and 51% that are cross docking are considering increasing the number of SKUs that are cross docked.

But, the devil is in the details. The study’s definition of cross dock seems to include practices such as “merge in transit” and some more transportation focused definitions of cross dock, such as pool distribution, rather than the pure DC cross dock as the term is most commonly used.

We did like this summary of the levels of cross dock models identified in the Saddlecreek report:

One-touch: Products are touched only once, as they

Barnes also notes, as SCDigest has many times in previous years, that effective cross docking generally requires detailed, advanced ship notices from suppliers – a step still missing for most manufacturers.

are received and loaded outbound without being placed on the warehouse dock. This is highest velocity “load-as-you-go” and the focus is on cross-dock productivity.

Two-touch: Products are received and staged on the dock then loaded outbound without being put into storage. The focus is on outbound load optimization and gaining transportation efficiencies.

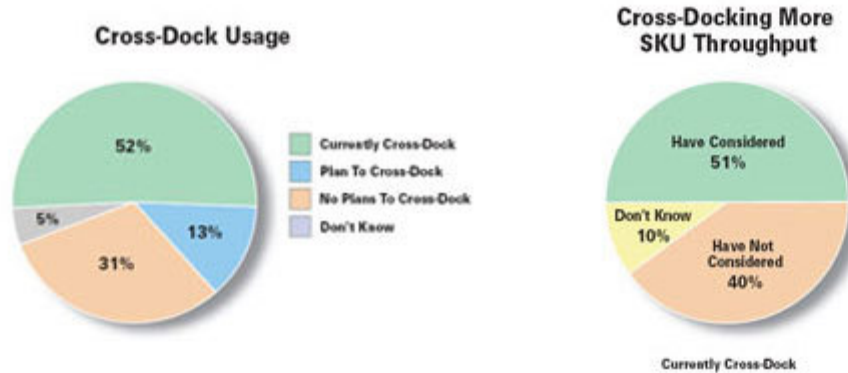
Multiple-touch: Products are received and staged on the dock, then reconfigured for shipment and loaded outbound directly from the warehouse dock. This method offers the greatest opportunity for customization and end-user value-add.

Cross Dock is Hard for Manufacturers, Says Jim Barnes

Traditional cross docking, in which inbound goods from suppliers or manufacturing plants is moved straight to trucks or staging areas for later shipment without being putaway, is hard for manufacturers for a number of reasons, says **Jim Barnes**,

Cross Docking for Manufacturers Part 2 (Con't)

Lots of Interest in Cross Docking... but there are Many Different Types



Source: 2008 Cross-Docking Trends Report, Saddle Creek Corp.

president of consulting firm enVista, who's company has helped many retailers implement cross dock/flow through processes.

"Very few manufacturers are doing cross docking today," Barnes told SCDigest, adding that "I think it is important that you defined cross-docking for the audience. I see a lot of cross docking and flow through for retailers, but flow through is straight forward in retail because order integrity (customer, SKU, and quantity) is not as critical."

Barnes added that he sees that whatever cross docking is done by consumer goods companies, for example, tends usually to be "opportunistic-based upon a back-order or if they know in advance of an inbound shipment that will be used for a large order. But it is rarely a systemic approach."

Barnes says there are both technology and operational barriers to cross docking in manufacturing.

On the systems side, Barnes says that many ERP or order management systems "do not send

the sales order down to the WMS unless the inventory is physically in the building. In the sales order interface there is typically a business rule that does not allow the order or order line to be sent to the WMS, hence the WMS has no record that there is actual demand."

He also says that many warehouse management systems require a physical order prior to "hard" inventory allocation. Additionally, many WMS solutions need to first perform "wave" planning and wave release in order to hard allocate the inventory – making it hard to include in-transit goods or those in trailers in the yard.

Barnes also notes, as SCDigest has many times in previous years, that effective cross docking generally requires detailed, advanced ship notices from suppliers – a step still missing for most manufacturers, as we have noted many times at SCDigest.

"Maybe we are looking at the problem from the wrong angle," Barnes adds. "Instead of looking at customer order flow perhaps we should be looking at purchase order flow - what I call PO Flow Management - providing visibility of inbound inventory to the OMS/ERP and then based upon ship dates of the order and inbound receipt date making a hard match."