

DATE: February 6, 1989  
TO: David Martin  
FROM: Michael Dern, HBA  
SUBJECT: Improving HBA Inventory Control

### Introductory Summary

As our new vice president in charge of the warehouse, you have emphasized the need for improving the efficiency of our total warehouse operation. As you know, there is no inventory control over the HBA division so that each employee is responsible for his or her own section.

Our greatest difficulty is the inaccessibility of up-to-date inventory information. Due to my own experience in dry grocery inventory control, I am firmly convinced our difficulty can largely be overcome by the installation of a CRT unit in the HBA office. Bob Loggan and our receiving clerk, Sue Massa, agree.

### Why Don't We Have Accurate Inventory Data Now?

We receive a hard copy each day of UTL015 Inventory On-Hand Status from data processing. This is our main source of inventory data.

This report is run at 6 PM each evening. Our orders are run at 3:30 PM and 6:00 AM the following morning. Since most of our inventory checks are made after completing the orders for the day, the report is out of date by the time we use it.

Because data processing was aware this problem existed for all our departments, several years ago a number of remote terminal CRTs were installed. These give the user up-to-date information with regard to quantity on hand. In addition, the CRT provides valuable information about substitutions, movement figures, storage locations, active/inactive/stop billing status and so on.

When Warehouse #3 was put in operation, a remote terminal and printer were placed in the produce office. This equipment is used to print pick strips, invoices, and produce orders, and provide inventory control for the produce, dairy, seafood, HBA and expense/bomb room departments.

The problem is that one terminal is simply not enough. The morning hours are used primarily for printing orders, and the afternoons for setting up produce orders. Most of the HBA inventory work is done after the crew has finished picking orders for the day, which is when the activity on the terminal is at its height.

### What Is Involved in Setting Up a CRT in the HBA Office?

Ken Smith has informed me that the buying department has ordered all new systems to replace their present terminals. We could obtain one of their old units at no cost.

Howard Allen has given us a tentative cost figure of \$180 plus or minus \$20 for installing a terminal in the HBA office. He intimated that installation would not be difficult since we could connect to the produce system.

## What Do We Hope to Gain?

All of our order selectors will be able to obtain accurate information regarding the on-hand status for their aisles as soon as they finish their orders. This will allow them to make accurate counts of items in question.

Selectors will be able to check on the current status of substitutions for deal merchandise as it is received. This will save valuable time because they will know which items to slot and whether to contact the buyer if a change is indicated.

Sue Massa, our receiving clerk, serves as our contact person for store operations, the buying department and sales people, and clears all inventory changes generated by HBA personnel. The CRT will allow Sue to:

- \* Evaluate updates created by our staff
- \* Accurately adjust inventory for displays converted to open stock
- \* Provide sales personnel with accurate information regarding
  - \* Product movement--weekly, monthly or yearly
  - \* On-hand status of their products
- \* Isolate possible problems in receiving receipts
- \* Check out-of-stocks and product substitutions for store employees

## Conclusion

I served in inventory control for almost six years, both before and after the CRT units were installed in dry grocery. What was, for me, a frustrating hit-or-miss approach to accurate inventory control changed dramatically after the introduction of the CRTs, and that change was reflected in improved accuracy and efficiency.

The availability of the used CRT units from the buying department offers an excellent opportunity to make a change which we have all recognized as needed for some time.

In your recent meeting with us, you pointed out that the HBA department has established a reputation for good service. We'd like to make it better.

After you have had opportunity to consider this proposal, Bob Loggan would like to discuss it with you in the operations meeting. In the meantime, if you have any questions, please feel free to contact Bob, Sue or me. Thank you.

cc: Steve Shenenberger  
Larry Hodgson  
Bob Loggan