

## Procter & Gamble

The new Lima, OH distribution center is a tribute to engineering technology and reflects P&G's corporate commitment to sustainability.



### Procter & Gamble Lima Distribution Center

#### About Procter & Gamble:

Procter & Gamble's (P&G's) world headquarters is located in Cincinnati, Ohio, U.S.A. The company has one of the strongest portfolios of trusted, quality, leadership brands in the world, including Pampers, Tide, Crest, Charmin, IAMS, Gillette, and Duracell, to name a few.

The Fabric Care category distributes products out of the Lima, Ohio Distribution Center. P&G's Home Care Products Division in Lima, Ohio was challenged by increasingly complex customer demands, decentralized distribution and shrinking profitability. Shuttling products between seven warehouses, scattered around Lima, Ohio and beyond, was generating over three million traffic miles per year for trucks on local roads.

When P&G decided to improve the existing distribution hub they sought out Retrotech because of the technical expertise and innovative solutions Retrotech had provided to other Fortune 50 clients.

#### **Retrotech is a Preferred Supplier to Procter & Gamble.**

#### Business Challenges:

- ▶ P&G had a highly complex and unforgiving distribution network, utilizing seven warehouses to buffer Home Fabric Care products manufactured in Lima, Ohio.
- ▶ Growth in Home Fabric Care product sales exceeded expectations and depleted storage space as customer order fulfillment requirements were becoming more complex and demanding.
- ▶ The economic and environmental cost to transport products between warehouses to fill customer orders was making P&G Home Fabric care products less competitive.
- ▶ Trucks, logging nearly 3 million product miles each year on local roads, were driving higher carbon emissions, energy consumption, diesel fuel usage, and sub-contractor costs.

#### Highlights of the Project:

P&G commissioned Retrotech to install the largest ACTIV system in North America. Retrotech's ACTIV System is a unique super high-density, dynamic storage technology that can buffer, sort, and pre-stage palletized unit loads. It allows companies to automate their distribution systems warehouse with a versatile, modular concept that is flexible, reliable, efficient and cost effective.

The new P&G facility is 1.15 million square feet, or equal to the size of 19 football fields and ranks among the world's largest automated distribution centers. It was constructed and operational in less than a year - 18 weeks ahead of schedule.

ACTIV acts as a storage buffer for the manufactured product. Full pallet unit loads are buffered and continually flow through to staging lanes at the dock end of the system. This system now manages 109,000 pallet positions in one massive warehouse, and P&G needed only 45 new additional employees to facilitate the process.

The ACTIV System operates 24 hours per day, stages over 160 orders, presented in exact loading sequence, at any given time, receives product at the shipping dock, and transfers shortages directly from the manufacturing area to the dock. When the trailer arrives at the dock, the forklift operator uses an RF terminal on the forklift to sign onto the order. The sign-on signals the system to begin indexing pallets forward from the slot to the rack face position, with each level indexing independently. As each load is removed from a staging lane, the ACTIV and WMS software are updated automatically. To assure accurate trailer loading, the forklift operator scans a bar code on the dock door. Trailer content information is then provided to the warehouse management system, speeding the bill of lading cycle.

#### Results:

- ▶ P&G reduced traffic on local roads by 50% - or 3 million miles each year, by centralizing operations conducted at 7 satellite facilities. Their new operation is more efficient, profitable, and environmentally friendly.
- ▶ By reducing manual handling between the production lines and the dock, they have dramatically improved the operating costs of their logistics operations.
- ▶ Because of ACTIV's high-density characteristics, the need for outside storage was eliminated and P&G's capacity objectives were achieved.
- ▶ The new operation enables the transporter to reduce wait time between dock arrival and departure to only the time required to actually load the truck.
- ▶ The ACTIV System delivers peak shipping rates of twice the average annual day and three times the average annual hour.
- ▶ The ACTIV System's efficient use of space supplied room to add true distribution center functionality.

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