

GLOSSARY – SUPPLY CHAIN MANAGEMENT

3PL - Third Party Logistics Company

See Logistics Service Provider.

4PL – Fourth Party Logistics Company

When a 3PL – who may be 'asset-free' - manages a transport network on behalf of a customer by sub-contracting the work to other logistics firms. This aims to drive cost and service management by providing full visibility across all logistics companies used.

5S Lean Improvement Discipline

A lean improvement methodology that requires the clearing out of things which are not needed, in order to make it easier and faster to carry out tasks, thereby reducing waste and improving productivity. The 5S's are based around the translation of 5 Japanese words: Sorting, Set in Order, Sweeping, Standardising, and Sustaining.

180° stack and nest container

A type of stack and nest container. This type allows the container to stack when the above container is placed the opposite way round to the lower container. When placed in the same direction, it will nest. It has tapered sides to allow for nesting. The most common is the bale arm container.

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A

ABC - Activity Based Costing

An accounting method that enables a business to understand more clearly how and where it makes a profit ABC identifies all major costs associated to relevant activities and then serves to break this down to product level.

Refer also to Direct Product Cost (DPC) & Direct Product Profitability (DPP)

Assortment

Product range is defined to maximise efficiency and profitability of space, within a category or store.

AEO - Authorised Economic Operator

Linked to the European Union 'Customs Security Programme', new legislation by the European Commission aimed at securing the frontiers of the EU in response to global concerns about terrorism threats.

The introduction of AEO certification for EU businesses means that those accredited companies will be viewed as lower risk by Customs Authorities and will enjoy a number of benefits which will help to minimise supply chain disruption at the frontiers and ensure on-time supply.

Advanced Shipment Notification - ASN

An electronic notification of pending deliveries like an electronic packing list, and usually sent through Electronic Data Interchange (EDI). The goal is to provide information to the receiving warehouse operation well in advance of physical delivery. By providing a list of all of the barcoded ID numbers of the shipping units and the contents of each, the scanning of the pallet labels can facilitate a quick and efficient goods receipt process.

ABC Analysis

ABC analysis is a business term used to define an inventory categorization technique and provides a mechanism for identifying items which will have a significant impact on overall inventory cost whilst also providing a mechanism for identifying different categories of stock that will require different management and controls. When carrying out an ABC analysis, inventory items are valued (item cost multiplied by quantity issued/consumed in period) with the results then ranked. The results are then grouped typically into three bands. These bands are called ABC codes.

"A class" inventory will typically contain items that account for 80% of total value, or 20% of total items.

"B class" inventory will have around 15% of total value, or 30% of total items.

"C class" inventory will account for the remaining 5%, or 50% of total items.

A-FLUTE

Sometimes known as coarse flute. A-Flute is the highest flute size and when combined with an inner and outer facing, it is the thickest.

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B

B-FLUTE

The second flute size and has lower arch heights than A, and more flutes per metre. B-flute is used for high speed, automatic packing lines and for pads, dividers, partitions and other forms of inner packing.

Base Depth

The physical distance (usually expressed in mm) between the back and front of the base shelf.

Refer also to Base Shelf, Shelf Depth, Shelving Gondola

Base Shelf

The lowest shelf of a fixture

Refer also to Gondola

Bulk Stacking

Use of in-store displays to create a visual impact. Bulk stacking can either be part of the normal gondola (e.g. in discount stores) or used as secondary displays, away from the gondola. Bulk stacking is often used to create an impression of value (e.g. special purchases, promotions) and encourage bulk purchasing.

Base Sales

Also referred to as Baseline Sales. Those sales of a product that would have occurred had there been no promotional or marketing activity.

Blocking

The grouping of products together within a fixture to produce a clearer display and reduce consumer confusion. Products can be blocked either horizontally or vertically within a fixture.

Refer also to Brand Blocking, Colour Blocking

Brand Blocking

A group of products blocked by brand. E.g. Siting all of Campbell's Condensed Soups together.

Refer also to Blocking

Brand Cannibalisation

Switching of sales within a brand. E.g. consumers buying 375g Kellogg's Corn Flakes instead of 250g.

Refer also to Base Sales, Incremental Sales

Brand Loyalty

Defined as a measure of the expenditure on one brand as a proportion of expenditure by a household on all brands within a category or sub category.

Refer also to Category, Sub Category, Loyalty

Bill of Lading

A transportation document issued by a carrier that acknowledges that specified goods have been received onboard as cargo for transfer to a named delivery point and a named consignee (receiver). It is not a title document, but identifies the consignee as having the right to take possession at time of delivery. Also referred to as a BOL or B/L. A *through* BOL involves at least two different modes of transport (inter-modal).

Biodiesel

The biofuel substitute for diesel, derived from oilseed-based crops, mainly oilseed

rape (OSR) and palm oil.

Back Room Requirement

The total cubic space required for stockroom storage, divided by stacking height in the stockroom.

Refer also to Cubic Foot

Box trailer

This is probably the most common type of trailer as it can transport almost anything that can fit inside. Also called a van trailer.

Bale arm container

The most common type of stack and nest plastic container. It uses a bale arm to support the container above for stacking; and this bale arm also folds back to allow the container to nest. The container has tapered sides to allow for nesting.

Bioethanol

The biofuel substitute for petrol (gasoline), derived from cereal crops, mainly wheat, maize (corn), soyabeans and sugarcane.

Biogas

The biofuel substitute for natural gas, derived from organic waste materials, including animal waste and waste generated from municipal, commercial and industrial sources through the process of anaerobic digestion.

Biofuel

Fuels derived from biomass - including crops, animal waste and some forms of 'rubbish' - which are renewable sources, rather than fossil fuels such as oil, natural gas or coal.

Backhaul

Generally a backhaul is any return load taken after the delivery has been made. An example of this would be the collection of supplier loads from a supplier's premises by a retailer for delivery into the retailer's own RDC.

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C

Central Distribution Centre

A warehouse that is the sole stocking point for the distribution system that it serves. Grocery manufacturers commonly have central (or national) distribution centres, stocked by various manufacturing points and serving various retailer distribution warehouses. See National distribution centres.

CMI - Co-Managed Inventory

Retailers and manufacturers work together to reduce the level of stock holding and to

improve the availability of products in the supply chain. Sales forecasts and promotional plans are shared and discussed so that the precise amount of stocks is available at the RDC.

Composite Distribution Centre

A multi-temperature distribution centre. The receipt, storage and handling of products would typically take place in a variety of on-site chambers each operating at a specific temperature.

Composite Delivery

A multi-temperature distribution centre. The receipt, storage and handling of products would typically take place in a variety of on-site chambers each operating at a specific temperature.

CRP - Continuous Replenishment Programme

Term used by the 'supplier' in the chain. This is an advanced replenishment process which seeks to continuously replenish outbound RDCs and stores within an automated order process. Often based on the previous days store sales and today's forecasted sales. It is closely linked to JIT manufacturing, VMI and ECR.

Consolidation

The loading of two or more suppliers' deliveries to a retailer's RDC on a single vehicle. This aims to improve load utilisation and also improve unloading time at the RDC.

Consolidation Centres

Depots that store and/or process stock (see cross docking) into full loads for delivery to retailer RDCs.

Cost-to-Serve

A process-driven accountancy tool to calculate the profitability of a customer account, based on the actual business activities and overhead costs incurred to service that customer.

Cabotage

Domestic haulage work carried out by a foreign-registered vehicle after it has made an inbound international journey.

Cross Docking

A system where products for store orders are not put away into the warehouse racking to be picked later, but they are processed into store orders either by the supplier or on arrival at the RDC. This can entail breaking down the inward delivery into store ready consignments or if the consignments are pallet sized moving the pallets across the docking area for loading onto the store delivery vehicle. This movement of product across warehouse vehicle docking bays gives the process its name.

CILT

Chartered Institute of Logistics and Transport

A body that promotes and develops the concepts and practice of logistics. The institute caters for professional logisticians whose responsibilities cover the strategic and operational issues concerned with planning and controlling the supply, movement and storage of materials and goods within the total supply chain.

Cubic Foot, Cube

The literal shelf space that a 3 -dimensional cube would occupy.
Refer also to Linear Foot

CVRS - Computerised Vehicle Routing and Scheduling

Integrated technology systems solutions for transport fleet management, often providing real-time data for improved supply chain visibility and fleet productivity.

CRC - Carbon Reduction Commitment

Part of the UK Government's Climate Change Bill; a new mechanism to extend compulsory greenhouse gas trading to all major businesses and public sector organisations operating within the UK.

Phase 1 of CRC will begin in January 2010, with qualifying businesses to report on their CO2 outputs from all sources other than transport and to purchase the necessary emissions permits.

Phase 2 will begin in January 2013 and will see the number of permits available restricted and prices fixed.

Qualifying businesses will be any organisation with annual half-hourly metered electricity use of 6,000 MWh or greater, and will therefore include many businesses falling outside the current EU Emissions Trading Scheme (EU ETS), which at present includes mainly electricity generators and heavy industrial concerns.

A widening range of greenhouse gases and an extension of coverage to all businesses is likely to come in Phase 3 of the EU ETS, also due in January 2013.

Co-packing

The process of having a product produced or packaged according to your company specifications in another firm's facility, utilising the equipment, skills and workforce of that company. Co-packing is often used for special promotional packs, such as banded packs, customised packs and seasonal products.

The development of shelf ready packaging (SRP) and merchandising units (MU's) to improve on-shelf availability, product displays and in-store efficiencies often requires products to be assembled into floor standing units or mixed cases, often necessitating the use of a co-packer.

Carton Live Storage

Also called Carton & Live. A racking and pick system that uses gravity tracks to transport packaging products from replenishment aisles to pick faces; and focuses on stock rotation on FIFO (first in, first out) principles.

Curtain-sider

A vehicle or trailer which has heavy duty fabric 'curtains' with load retaining straps for side (un)loading, instead of a more rigid body chassis for rear (un)loading. When the straps are released, the curtain can be pulled back and a forklift used for easy and efficient (un)loading. Also termed a 'tautliner'.

Consignment Stock

An inventory management process whereby inventory is stored at a customer's warehouse, but is not invoiced by the supplier until the customer calls off (or uses) the stock. Used to reduce book-stock for accounting purposes (sometimes following a bulk purchase), whilst equally smoothing the flow and ensuring inventory is available for consumption as soon as it is required.

Co-location

The 'lean' alternative to 'focussed factories', where as many production steps as possible for each product are co-located in one location (preferably close to the customer), simplifying planning and scheduling processes and compressing time in the supply chain.

Counterbalance

A unit of mechanical handling equipment (MHE) used within a warehouse or factory facility for transporting goods; a type of forklift truck (FLT).

Category

A group of products that satisfy a consumer need. Categories can be viewed in other ways to products, such as by where they are consumed or occasions that they are purchased for.

Refer also to Category Management, Sub Category

Colour Blocking

Merchandising a group of products by the product colour (such as cola packaged in cleared bottles) or packaging colour.

Chest

A box shaped fixture with an opening at the top (such as a freezer chest).

Category Management

Also known as CM, Cat Man. The strategic management of product groups through trade partnerships, which aims to maximize sales and profits by satisfying consumer needs.

Refer also to Category, Sub Category

Case Size

The number of product units in an outer case.

Refer also to SKU, Outer Case

C-FLUTE

C-Flute is thinner than A-Flute and thicker than B-Flute. It offers good cushioning, stacking and printing properties. C-Flute is the most widely used.

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D

Dynamic pricing

By using a variety of information gathered from customers – ranging from where they live to what they buy to how much they have spent on past purchases – dynamic pricing allows (online) companies to adjust the prices of identical goods to correspond to a customer's willingness to pay.

Driver CPC

The Driver Certificate of Professional Competence (CPC) for the HGV sector comes into force in the UK in September 2009.

New drivers will sit an expanded HGV exam, whilst current drivers will purchase a driver qualification card. All drivers will have to undertake 35 hours of training over 5 years to remain qualified.

The CPC will be administered in the UK by the Driving Standards Agency and will be enforced by the Vehicle and Operator Services Agency (VOSA), the police and the Driver and Vehicle Licensing Agency (DVLA).

Double Decker

Double-deck trailers are semi-trailers with either a fixed, hinged or moveable (floating) second floor, which enables them to carry more palletised goods. In general, a double decker can carry 40 pallets as opposed to 26 pallets for a standard trailer.

DPC - Direct Product Cost

A method of assigning all costs of a particular product (manufacturing, distribution, stockholding, handling, store displays etc.) directly to that product.

Refer also to Direct Product Profitability (DPP)

DPP - Direct Product Profitability

A means of defining the actual profit achieved by a retailer or distributor from an individual product, having taken into consideration the costs of handling and storage.

Refer also to Direct Product Cost (DPC)

Drop-deck trailer

A drop-deck trailer is a trailer on which the floor drops down a level once clear of the tractor unit. The most common types of drop-deck trailer are flatbeds and curtain siders.

Dry bulk trailer

Like a big tanker trailer, but is used for sugar, flour and other dry powder materials.

Data Alignment

Internal and external cleaning of product data within, and across systems, to ensure data is correct and robust. When external, data alignment is called Global Data Synchronisation (GDS), where clean data is openly shared across the supply chain.

Dedicated Warehousing

A distribution centre that is exclusive for a customer or category of products.

Direct Store Delivery - DSD

Manufacturers or distributors deliver store merchandise direct to retail outlets without going via a centralised distribution warehouse. This type of delivery is common practice across many retail markets and is widespread for bread, milk, news & magazines, home entertainment and clothing ranges.

Display Ready Packaging - DRP

Standalone units that are moved into retail floor space, rather than onto a shelf. Examples are promotional shippers and merchandising units, as well as fresh produce mobile tray-racks.

Dolly

A wheeled base unit that is used to move crates, cases or other transit items through the supply chain. A roll cage is an example of a dolly.

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E

ECR - Efficient Consumer Response

An initiative within the food & grocery industry based around retailers and suppliers working together to fulfil consumer wishes, better, faster and at less cost.

Most European countries have an ECR initiative, as well as countries such as USA, Australia and South Africa.

ECR UK is managed by IGD and actively participates in ECR Europe. [Click here for more details.](#)

EDI - Electronic Data Interchange

The computer to computer transmission of information between two trading partners in the supply chain. The data is usually organised in specific standards and formats for ease of transmission and validation.

EDLC

Every Day Low Cost.

EDLP

Every Day Low Prices.

EPC

Electronic Product Coding (see RFID).

EPoS - Electronic Point of Sale

The method of recording store sales by scanning product bar codes at the store's tills.

Extranet

A network of systems that are accessed via the Internet (www) using secure passwords. Used to connect suppliers to the retailer without the need to establish a dedicated network. Allows a wide range of information to be shared and manipulated, without the constraints of EDI type message formats. See also Intranet.

ETS - Emissions Trading Scheme

Linked to the European Union's ETS mechanism for the compulsory trading of greenhouse gas emissions. At present, EU ETS includes mainly electricity generators and heavy industrial concerns. A widening range of greenhouse gases and an extension of coverage to all businesses is likely to come in Phase 3 of the EU ETS, due in January 2013.

EGR - Exhaust Gas Recirculation

Linked to the development of the diesel engine to improve fuel efficiency and performance and reduce harmful emissions, the EGR system re-circulates exhaust gas into the combustion process. A system that contrasts with SCR technology.

ERP

Enterprise Resource Planning - an IT system architecture that works to integrate the information management of various business activities, such as sales & marketing, manufacturing, logistics, distribution, inventory, shipping, invoicing and accounting. ERP is a term originally derived from manufacturing resource planning (MRP II) that followed material requirements planning (MRP).

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F

Focussed Factory

A manufacturing concept that aims to drive economies of scale and improve asset utilisation by concentrating skills and machines in fewer geographical locations, consolidating family groups or production activities, thereby creating specialist production plants or 'centres of excellence'.

FTL - Full-Truckload

A full load of freight from the same shipper, composed of the same or different products, delivered to the same destination. Advantage of FTL shipments are that the freight is not re-handled en-route and the vehicle fill rate is generally higher (and so more efficient).

FISS - Food Industry Sustainability Strategy

In the UK, FISS forms part of a consistent, cross-government strategy intended to raise the UK's performance on sustainability issues. A report was published in 2006. Adherence to FISS is (currently) voluntary rather than compulsory.

Co-ordinated through Defra, FISS was created by a stakeholder panel consisting of various interest groups and government bodies, building on earlier work in order to create a framework for securing the future growth of the food industry whilst minimising social and environmental harms.

FISS identified twelve priority areas for action, divided into three groups using the UN's tripartite model:

- **Primarily environmental:**

- - Energy use and climate change - Waste - Water - Transportation

- **Primarily social:**

- - Nutrition and health - Food safety - Equal opportunities - Health and safety - Ethical trading

- **Primarily economic:**

- - Science-based innovations - Workforce skills - Tackling retail crime

Each of these priority areas was assigned to a "champions group" for the development of appropriate objectives, methods and measures.

The report of the champions group on food transport, published in May 2007. One of

the key objectives set by FISS for the UK grocery industry is for the economic, environmental and social impacts of food transport - excluding international transport and consumer contributions - to be reduced by 20% by 2012.

A “champions group” (senior representatives of the food and logistics industries, along with government personnel) was appointed to investigate means of achieving the target 20% reduction in impact.

This group identified six key activities which might be undertaken to achieve the stated objective and identified two key principles:

- Travel **fewer** miles
- Travel **friendlier** miles

Key Recommendations

- Shift to larger capacity vehicles
- Out-of-hours deliveries
- Changed engine specifications
- Vehicle telematics
- Transport collaboration
- Logistics system optimisation

FTA - Freight Transport Association

A UK-based members' trade association - founded in 1889 and finally renamed in 1969 - that represents the interests of all companies involved in the freight industry: haulage operators, railway companies, shipping lines, freight forwarders, etc. Many FTA members are the *customers of hauliers*, and these would also include food & grocery retailers, despite being significant own-account transport operators in their own right.

The FTA is often linked with the Road Haulage Association (RHA). It is possible to be members of both associations.

FSDF - Food Storage & Distribution Federation

A UK-based trade body, which has evolved from the Cold Storage & Distribution Federation and aims to represent companies across all aspects of food & drink, storage & distribution.

Fronthaul

A fronthaul is a store delivery made by a supplier on behalf of a retailer, following an inbound delivery of goods by the supplier into the retailer's warehouse.

Flatbed trailer

A trailer that consists of just a load floor and removable side rails, and a bulkhead in front to protect the tractor in the event of a load shift. Can transport almost anything that can be stacked on and strapped down.

FIFO – First-In, First-Out

Part of a stock management process where date of production/consumption is important. It aims to ensure that the oldest product is always despatched before newer product, thereby reducing obsolescence, losses, etc.

FGP - Factory Gate Pricing

This identifies the different cost in distribution depending on the routes to market. Once ascertained this route can be optimised and the cheapest route to market chosen. Typical examples are when retailers collect the product directly from their supplier's factory.

Flow-through

Also known as cross docking

A system where products for store orders are not put away into the warehouse racking to be picked later, but they are processed into store orders either by the supplier or on arrival at the RDC. This can entail breaking down the inward delivery into store ready consignments or if the consignments are pallet sized moving the pallets across the docking area for loading onto the store delivery vehicle. This movement of product across warehouse vehicle docking bays gives the process its name.

Future days cover

Forward stock cover based on predicted sales taking into account marketing events planned for the period.

Gondola

Also called a fixture. The physical unit that product is displayed on.

Refer also to Gondola End

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G

Gondola End

The in-store selling space that is located at the end of an aisle. Due to the increased consumer flow around gondola ends, they are often used for promotional or new

product merchandising.

Refer also to Gondola

GDSN - Global Data Synchronisation Network

Built around the GS1 Global Registry, GDSN is a technology solution that allows suppliers to share and synchronise product data in an automated way to speed-up, simplify and align business processes. Any changes made to one company's database are automatically and immediately provided to all of the other companies who do business with them. Master data errors impact on case sizes, pallet sizes, replenishment calculations, shelf space management, shelf-edge labels, ordering, invoicing and pricing.

GTIN - Global Trade Item Number

A unique and universal barcode number for products (trade items), used to look up specific information about that particular product to improve administration. GTIN's may be 8, 12, 13 or 14 digits long. The choice of barcode will depend on the application.

Greenlaning

A logistics practice to help drive transport efficiencies - often linked to commercial terms of trade. In return for priority booking and loading dock access and quick off-loading for inbound deliveries at customer warehouses, the supplier may provide a price reduction against the product being ordered for that customer.

GVW - Gross Vehicle Weight

The maximum allowable total weight of a road vehicle or trailer that is loaded, including the weight of the vehicle itself plus fuel, passengers, cargo, and trailer tow bar.

Hire-or-Reward Operators

A transport term which defines the so-called 'third party' businesses which transport other companies' products.

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H

High Bay Storage

Warehouse storage using narrow aisles and racking between 12 and 30 metres high. Used to store a large number of pallets in a small floor area.

Historical days cover

Forward stock cover based on prior sales.

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I

Incremental Sales

The additional sales of a product that have happened directly as a result of promotional or marketing activity.

Refer also to Base Sales, Brand Cannibalisation

In-house

The provision of distribution activities and services by the retailer's own distribution resources. Also called "own account".

Inter-Modal

The use of more than one method of transport for the movement of products typically road and rail.

Intranet

A company or organisation specific network which uses internet type technology but with access restricted to permitted users e.g. a retailer and its suppliers. See also Extranet.

IFCO - International Fruit Container Organisation

Refers to IFCO Systems, an international service provider for returnable transit packaging (RTP) and reusable plastic container (RPC) solutions, such as plastic trays, crates and tote boxes.

JIT - Just-in-Time

The movement of merchandise or part finished stock to next point in the supply chain just as it is required for use or consumption. In its widest context "just in time" is also used to describe the philosophy of short lead times and low inventory levels within the supply chain.

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K

KPI - Key Performance Indicator

A series of measures to monitor performance of an operation of a company or part of a company. An example would be delivery service defined as 'cases ordered vs. cases delivered.'

KLS (Kraft Liner Shavings)

An important grade of recovered paper for making recycled corrugated cases

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L

Loyalty

Consumer's allegiance to a product, brand, store or image. Loyalty can be measured by the proportion of the total spending made by shoppers (across all outlets) that

they spend in the outlet concerned. "Primary" shoppers spend more at the outlet concerned than at any other single outlet.

Line Picking

Here an order is accumulated at a designated assembly point by operators who travel with a reducing quantity of pre-picked products as they transfer the required number of items into the waiting cage or pallet designated for a specific store. This is also sometimes referred to as pick-and-pack, two-stage picking or pick-to-zero.

Logistics Contractor

See Logistics Service Provider.

LSP - Logistics Service Provider

A distribution company that offers transport, warehousing, inventory and information systems management to companies in the supply chain.

LTL - Less-Than-Truckload

A consolidated load of freight composed of many different types of cargo or products (often less than full pallets), which may also include stocks from different shippers for the same destination, or for many different destinations.

LLOP - Low Level Order Picker

A unit of mechanical handling equipment (MHE) used within a warehouse or factory environment for the assembly (or picking) of goods. Usually used with pallets, cages or dollies to assemble orders, and can also have vertical movement capability to reach higher racking locations.

Lowboy trailer

A type of flatbed trailer in which the load floor is as close to the ground as possible. Most commonly used to haul heavy equipment, cranes, bulldozers, etc.

Linear Foot

The literal space of 1 foot of shelving.

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M

MRP

Material Requirements Planning (MRP) - became Manufacturing Resource Planning (MRP II), and has since developed into ERP. See ERP for more details.

Market Capitalisation

A measure used to reflect the value of a publicly listed company. It is calculated by multiplying the company's stock price by the total number of shares.

MU's – Merchandised/Merchandisable Unit.

A method of transferring goods from supplier to store, minimising handling at each stage. Used on fast moving goods such as soft drinks.

Minimum Order Quantity (MOQ)

An inventory model that determines the minimum order required to meet customer service levels.

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N

NDC - National Distribution Centre

This is a large single stockholding point serving both retailer RDCs and other customers either in the UK or in overseas markets.

NVOCC - Non-Vessel Operating Common Carrier

Smaller shippers, with less-than-containerload (LCL) shipments, can take advantage of the lower costs associated with being a big shipper by using the services of NVOCC's. These companies book space on steamships in large quantities at lower rates and sell space to shippers in smaller amounts. NVOCC's consolidate small shipments into containerloads that move under one bill of lading. More favourable rates are passed on to the shipper. Services typically offered by NVOCC's, in addition to customary services provided by freight forwarders, are: Consolidation of freight, and Financial liability for goods due to loss or damage during transport.

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O

Open Book Costing

A method of costing a distribution operation by distribution service providers. All costs of the operation are visible between service provider and customer. Normally the customer understands, accepts and meets the costs and the service provider charges a fee for managing the contract.

Order Lead Times

This can be measured at different points in the supply chain e.g. for stores this is the time between the ordering of a line for a store replenishment order and its actual delivery at the store.

OSA – On-Shelf Availability

Ensuring product availability at the retailer shelf, not just in the store.

Own Account

See “In-House”.

OSR

Oilseed rape - see Biodiesel

OEE - Overall Equipment Effectiveness

In terms of measuring asset utilisation, the OEE measures availability, performance and quality indicators linked to the proportion of time a factory is producing saleable product. A term associated with Lean Manufacturing principles and Total Productive Maintenance (TPM) - also called Total Process Management and Total Productive Manufacturing. Similarly, OLE - Overall Labour Effectiveness.

OLE - Overall Labour Effectiveness

In terms of measuring labour productivity, the OLE measures availability, performance and quality indicators linked to the proportion of time employees are producing saleable product. A term associated with Lean Manufacturing principles and Total Productive Maintenance (TPM) - also called Total Process Management and Total Productive Manufacturing. Similarly, OEE - Overall Equipment Effectiveness.

OWR - Overall Work Rate

A measure of labour productivity, the OWR is a sign of operational efficiency. It usually measures how many total hours are used in a given warehouse operation to handle a particular volume of throughput. Also termed Overall Warehouse Rate. The number of hours often includes team managers and stock control administration, in addition to those job roles directly involved in handling stock. Absence and sickness both negatively affect OWR.

A typical target OWR value for a composite warehouse might be 80, although actuals will of course vary from, for example, 55 to 95. Different target rates will be set for each temperature chamber.

OWR is a term associated with Lean Manufacturing principles and Total Productive Maintenance (TPM) - also called Total Process Management and Total Productive Manufacturing. Similarly, OEE - Overall Equipment Effectiveness and OLE - Overall Labour Effectiveness.

Open to buy policy

A budgeting and procurement guide used by many retailers to establish appropriate procurement and inventory (stock) levels based on projected sales. Usually set at a category or higher level rather than at the individual SKU level.

Out of stock

A term used to refer to a situation where no stock was available to fill a request from a customer or production order during a pick operation. Stock outs can be costly, including the profit lost for not having the item available for sale, lost goodwill, substitutions.

Outer Case

Also known as Traded Unit. The unit in which the SKU is delivered from the manufacturer to the retailer.

Refer also to Outer Case Code

Outer Case Code

Also known as Traded Unit Code. A unique bar code that identifies the SKU and quantity contained within the outer case.

Refer also to Outer Case

Orientation

Standard orientation

The side of a product that the shopper sees. Standard orientation refers to the side of the product that normally faces the shopper when the product is positioned on the shelf.

PoS

Point of Sale

This can have two meanings. The most literal is its use as reference to the physical location where a product or service is displayed for sale (e.g. shelf, gondola end, checkout). Secondly PoS is used in reference to communication material (e.g. of promotional offers) that is displayed at the point of sale.

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P

Primary packaging

Packaging retained with the product at the point of consumption

Pick locations

Pallet locations that are normally easily accessible and in locations ready for the pallet to be picked against an order.

PAPD

Pre-Arrival and Pre-Departure security declaration programme. Part of new Import and Export Control Systems (ICS/ECS) legislation to be introduced into the European Union in 2009, which aims to establish a common EU-wide standard level of protection in customs controls for goods bought into, or dispatched from, the European Community.

As part of PAPD, companies will have to provide the relevant customs authority with pre-arrival data so it can be checked for security clearance. The submission of pre-arrival information will be aided by the implementation of standardised export documentation (ECS2) and transit documentation (NCTS4).

Pallet

GKN Blue

Euro Pallet

A flat, open surface (usually constructed of wood) designed to hold and transport merchandise

Pick-to-Zero

See Line Picking.

Pick-by-Store

See Store Pick.

Pick-by-Line

See Line Pick.

Picking

The activity involved in assembling individual orders. The orders may be made up of single products or a range of products that then have to be “picked” so that the order is made up of the correct products.

Primary Distribution

Distribution from a manufacturing point or stock holding location to a retailer distribution site.

Product Lead Time

The time between commencing production of an item and its delivery to a customer. This can be very different to the order lead-time, as aspects of the manufacturing process will also be considered.

Payload

Cargo, goods or produce being delivered or transported; or the net carrying capacity of a trailer, container or aircraft.

Reefer

A refrigerated container used in inter-modal freight transport for the movement of temperature sensitive cargo.

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R

RFID - Radio Frequency Identification

Radio Frequency Technology for mobile communication via handsets and more recently trials in RFID or ‘tagging’ involving the placing of RF Tags upon crates to track them through the supply chain. Also called Electronic Product Coding (EPC).

Rigid

A non-articulated goods vehicle. The vehicle is permanently attached to its load carrying capacity.

Roll Cage

The lightweight metal cages on wheels that are a commonly used way of picking and moving store orders through distribution centres to delivery at stores.

RRP - Retail Ready Packaging

A term used to refer to a product that comes ready merchandised and can be put onto the shelf. It also meets other needs such as easy to identify and easy to open.

RTI - Returnable Transit Items

Reusable methods of moving products in the supply chain. Examples include wooden pallets, metal roll cages, plastic crates and plastic/metal dollies.

RTP - Returnable Transit Packaging

This is packaging that can be returned to suppliers for re-packaging and re-use in the distribution system. A good example of RTP are the green plastic trays which are now commonly used to move produce through the system from supplier to store. RTP is also known as Reusable Secondary Packaging (RSP).

RRU - Resource Recovery Unit

A facility usually situated close to a main distribution centre used for returning, cleaning, sorting, and recycling of transit materials like plastic crates.

RPC - Reusable Plastic Container

Transit packaging units that can be returned to suppliers for re-packaging and re-use in the distribution system. Examples include plastic trays, tote boxes or plastic pallets, which are commonly used to move produce and chill lines from supplier to store. RPC can also be referred to as Returnable Transit Packaging (RTP), or Reusable Secondary Packaging (RSP). Often linked to IFCO Systems, a major supplier of RPC products.

RHA - Road Haulage Association

A UK-based members' trade association - founded in 1944 - that represents the interests of all companies involved in the haulage industry: hire-or-reward or contract haulage.

Historically, the RHA has been associated with owner-drivers, but today the membership base is much wider.

The RHA is often linked with the Freight Transport Association (FTA). It is possible to be members of both associations.

Range rationalising

The process of deciding the ranges on offer in a store, or group of stores. Often an ABC analysis will be used to assess which ranges will continue to be listed. This is a complex process utilising market, retailer, supplier, consumer and shopper

information.

Reserve pallet locations

Pallet locations that are reserved for extra stock, or stock that does not have to be picked immediately. This location may not always be accessible for the fork lift, or the Material Handling Equipment to 'pick' the pallet.

Secondary Packaging

"Outer" packaging, encompassing primary packaging and the product

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S

Stock days

Total gross value of stock for the category (raw materials, work in process, partially finished goods, or fully-finished goods) at standard cost before reserves for excess and obsolescence, divided by the average daily sale. It includes only stock that is on the books and currently owned by the business entity. Future liabilities such as consignments from suppliers are not included.

Stock Turns

Stock Turns measure how frequently stock is turned over in relation to the sales revenue of a product. Ideally over time stock turns should increase.

SKU

Also known as Stock Keeping Unit. A uniquely identifiable line within a product range. A particular product may have many variations (e.g. 20% extra free, price marked pack), each of which would be a unique SKU.

Sub Category

A sector within a category. For example, if the category is Desserts, a sub category maybe Chilled Desserts.

Refer also to Category, Category Management

Shelf Depth

The physical distance (usually expressed in —n) between the back and front of the shelf.

Refer also to Shelving Gondola

Shelving Gondola

The shelf, attached to the gondola, that is used to display product Shelves are usually adjustable, making it possible to vary the display area.

Refer also to Gondola

Semi-trailer

A semi-trailer is a trailer without a front axle. A large proportion of its weight is supported either by a tractor unit, by a detachable front axle assembly known as a dolly, or by the tail of another trailer. A semi-trailer is normally equipped with legs which can be lowered to support it when it is uncoupled.

In the UK, semi-trailers on tractor units are referred to as "articulated lorries."

SSCC - Serial Shipping Container Code

An eighteen digit number generally encoded into an GS1-128 barcode (formally the UCC-128 or EAN-128), and used to identify logistics units. Particularly used in advanced shipment notifications (ASN's) in EDI transactions.

SAD-H - Single Administrative Document

A single trading document used within the European Union as part of harmonised and simplified import/export procedures between member states, which aims to speed up processes and customs clearance.

Sidelifter / Sideloader trailer

A semi-trailer with hydraulic cranes mounted on tracks at both ends of the trailer, allowing for the loading and unloading of different sized shipping containers without the need for a forklift or other container handling equipment.

Stillage

A support structure, usually made out of metal, used to stack and store products large, heavy or bulky products. Typically tailored to the products it is intended to carry, some structures are also stackable. Often associated with the beverage industry.

SCR - Selective Catalytic Reduction

Linked to the development of the diesel engine to improve fuel efficiency and performance and reduce harmful emissions, the SCR system requires the addition of AdBlue fluid, which is injected into the exhaust stream. A system that contrasts with EGR technology.

Stockless Supply

An inventory management initiative to reduce warehouse stockholding, made-up of a number of related processes, for example cross-docking, pick-by-line and the use of consignment stock.

Scissor Lift

A type of platform which can usually only move vertically, named due to the use of linked, folding supports in a criss-cross 'X' pattern. Scissor lifts are commonly used on the loading bays of distribution centres to align the loading dock with the back of a vehicle/trailer.

SBO - Sales Based Ordering

A system of building a stores replenishment order by using EPoS sales data to build a forecast of future requirements. Stock levels, shelf fills and lead times can all be included in the order generation calculations.

Secondary Distribution

Distribution from a retailers distribution centre to the retail store.

Shared User Distribution

Distribution services that are provided for more than one client. Transport and warehousing activities may be provided for a number of clients, who gain the benefits of improved utilisation of distribution resources.

Shrinkage

This is stock loss that cannot be accounted for within the supply chain. Different systems record shrinkage in different ways often including product theft, spoilage, wastage and damage.

SKU - Stock Keeping Unit

A uniquely identifiable line within a stores range. One product may have many different variations e.g. 20% extra free. Each of these variations is an individual stock keeping unit. Also called a 'reference'.

SRP – Shelf Ready Packaging

Linked to RRP. Product that is ready-merchandised and is able to be replenished onto the shelf in one touch.

Store Pick

The assembly of a single or multiple store order by an operator who travels in a logical sequence through the warehouse gradually accumulating and picking products onto a pallet or roll cage from pick points located in designated areas of the warehouse.

Store Returns

Products returned from store because they are damaged or unsaleable in any way. Alternatively store returns may also be the waste packaging returned to the RDC for recycling, the crates, roll cages and pallets returned for reuse. Also called Reverse Logistics.

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T

Tare

A term in weights and measurements which refers to the weight of an empty container

Trunking

The element of transport between distribution centres.

TEU - Twenty-foot Equivalent Unit

The TEU is an inexact unit of measurement for cargo container capacity. It is based on the volume of a 20-foot long, 8-foot wide and 8.5 foot high shipping container, but there is a lack of standardisation in container heights. Other related measures include the forty-foot equivalent unit (FEU) and 45-foot container, both defined as two TEU.

Tautliner

A generic (trade) name for curtain-sided trucks and trailers. See curtain-sider.

Tanker trailer

Used for hauling liquids like fuel or milk, etc.

Temperature Control

Certain food stuffs are subject to both regulatory and guidelines minimum and maximum temperature limits to ensure food safety. As a guideline, the min./max. for provisions would be +1.5 / +4.5 degrees; for meat, fish & poultry -1 / +1 degree; produce & eggs +5.5 / +8.5 degrees; frozen no minimum / -20 degrees; and for single chill (pick on receipt lines) +0.5 / +2.5 degrees. Most chilled coldstores run at +3 degrees.

Tertiary Packaging

Packaging encompassing secondary packaging – a pallet for example

UOD - Unit of Delivery

A transit unit used for the distribution of products, usually from a retail warehouse out to store, for example a pallet, cage, dolly or tray.

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V

Value Streams

A supply chain management approach that considers the 'horizontal' flow of value for each product family across the organisation from primary supply through to the end customer. Responsibility is given for acting as the guardian of the interests of the overall process and end-to-end value stream, as opposed to allowing individual functions, departments or teams to pull in their own direction. Action can then be taken to drive efficiencies across these value streams.

Vehicle Routing and Scheduling

The construction of delivery routes and schedules with the aim to balance total cost with service for given delivery and capacity constraints. This can be done manually but the increasingly complex nature of retail distribution operations means that computerised routing and scheduling is more common.

VMI - Vendor Managed Inventory

In VMI the Vendor (supplier) has responsibility for maintaining retail or RDC stock levels in the most cost effective manner appropriate to the agreed service standards. See also Co-Managed Inventory and CRP.

WRAP

Waste and Resources Action Programme (WRAP) - an organisation set-up to help the UK meet its environmental targets by working to encourage and enable businesses and consumers to be more efficient in their use of materials and recycle more things more often.

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W

WMS

Warehouse Management System - an IT system solution used to optimise the management of product flow and storage within a warehouse environment and process the associated transactions, including receiving, putaway, picking and shipping.

WEEE Directive

Waste Electrical and Electronic Equipment (WEEE) Directive; part of a European-wide initiative to reduce the amount of waste dumped into landfills.

Within the UK, manufacturers, wholesalers and retailers came under the Directive from 1st January 2007; UK 'producers' had to join a compliance scheme by 15th March 2007; the same producers had to mark EEE by 1st April 2007; and had full financial responsibility for recycling household equipment from 1st July 2007.

A 'producer' is any company that manufactures, imports or rebrands electrical and electronic equipment (EEE). Even any company simply selling EEE through any channel is responsible for setting up a take-back scheme, whether in-store or via a network of collection facilities.

Working capital

Working capital, also known as net working capital, is a financial metric which represents operating liquidity available to a business. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. It is calculated as current assets minus current liabilities. If current assets are less than current liabilities, an entity has a working capital deficiency, also called a working capital deficit.