

CASE STUDY

Shiseido Cosmetics (America) Ltd.

Working together to provide the right solution

Shiseido Cosmetics (America) Ltd. is a leading cosmetic and beauty aid manufacturer with facilities located around the world. The months leading up to the holidays (September-December) are always extremely busy at Shiseido's Oakland, New Jersey distribution center. Every year in the past, they would have to hire as many as 30 temporary employees to help apply UCC128 shipping labels to cases, in preparation for shipment. It was necessary to apply three labels to each case, and the most their regular crew could apply was about 1800 labels (on 600 cases) per day. The process was slow and costly and required a large area in which to offload every pallet and apply the labels. Furthermore, applying the barcoded labels by hand meant that there were often variations in positioning on the cartons, causing reading difficulties for Shiseido's customers. This often resulted in charge backs to Shiseido for improper label placement.

In April of 2005, David Brandes, Shiseido's Executive Director of Distribution, contacted Atlantic Handling Systems and asked for their response to Shiseido's need for an automated "Print and Apply" system. Atlantic Handling Systems, a systems integrator located in Ho-Ho-Kus, New Jersey, was one of three companies considered for this project. John Cosgrove and Dan Sweetman, President and Senior Project Engineer of Atlantic respectively, met with David Brandes and then the Shiseido project team.

Shiseido specified four goals for their system:

1. to **reduce the substantial manual labor** required for applying carton labels
2. to **handle peak volume** of up to 70,000-80,000 cases per month during the busiest period
3. to **eliminate penalty charges** from customers
4. to **improve accuracy** in matching the appropriate label to the right carton

Atlantic partnered with Labeling Systems, Inc. (LSI), a manufacturer of labeling equipment with headquarters in Oakland, New Jersey, to thoroughly review the project with Shiseido. This project team worked together to provide the right solution. Atlantic's engineering department designed the conveyor system using state-of-the-art conveyors manufactured by TGW-Ermanno, including a narrow belt accumulator, GAPmaster metering belt and urethane belt transfer for diverting.

Shiseido evaluated the responses of Atlantic and the other two companies. They compared the three solutions based on their costs, their creativity, and how well they met Shiseido's stated needs. Atlantic answered all criteria successfully, and they soon began the project. Atlantic's Dan Sweetman coordinated all phases of the work, including design, integration, installation and start-up. Everyone involved, including Shiseido's managers from



Ergonomic lift table accepts full pallets of product



Each case is unloaded onto a zero pressure accumulation conveyor



Properly gapped cartons travel onto apply belt

Distribution, Facilities and IT, participated in weekly meetings during which all pertinent aspects of the project were reviewed. The job was completed in six weeks.

Shiseido has a unique dedicated space, and Atlantic came up with a creative solution to house all the equipment involved in the labeling process. The system actually starts outside the room where the labeling takes place and enters through a door that was built into an existing wall. That keeps enough equipment out of the area to allow the floor space needed for palletizing.

Full pallets of product are unloaded in the warehouse using an ergonomic lift table (Manufactured by Southworth). The operator then unloads each case onto a zero pressure accumulation conveyor. The cases then travel into the case room with a specific pitch created by a metering belt. Once properly gapped, each carton travels onto an apply belt and past the print and apply machines (manufactured and supplied by LSI), which apply the three required labels. After the labels are applied, the case travels past a barcode scanner (manufactured by SICK and supplied by Atlantic), for checking of label placement and detection of any irregularities. If the scanner detects any problems with the carton, it is sent down a reject lane for manual inspection. The operator at this station is equipped with a PC terminal

with which he can look up and print out reports or reprint labels, if needed. All cases that are correct are sent down the narrow belt accumulator, where they are loaded onto pallets for shipping.

The end result of the newly installed system was \$77,000 in savings for Shiseido, well over the projected savings for the year. Shiseido's David Brandes says, "There is absolutely no doubt in anyone's mind that it has been worth the investment."

He lists a number of other ways in which Shiseido has benefited. These include:

- an increase in labeling capacity, without an increase in staff – 81,000 cases were shipped in September of 2005, without any temporary employees needed
- reduced overtime, and consequently less stress, for employees
- a more organized warehouse
- elimination of back charges

Asked if Shiseido would consider working with Atlantic Handling Systems again, David Brandes replied, "Definitely. We found them to be very professional. It was helpful to have John [Cosgrove] and Dan [Sweetman] act as project managers, and they did a nice job of ensuring that installation and start-up were completed on-schedule."

"There is absolutely no doubt in anyone's mind that it has been worth the investment."

*David Brandes,
Shiseido*

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Print and apply machines affix the three required labels



Barcode scanner checks label placement and detects any irregularities



When problems are found, carton is sent down reject lane for manual inspection



All correct cases are loaded onto pallets for shipping