

Lowering Tag Prices, Tagging Lower Prices

Consolidated improves process & cuts costs

By Michael Sherman

Starting in 1983 with a single retail store in Columbus, Ohio, Consolidated Stores Corporation has grown to reach Standard & Poors' top 500 company list in just 14 short years. And the company continues to defy expectations. Consolidated presently operates 2,550 stores nationwide with a presence in all 50 states plus Puerto Rico and Guam. The names within Consolidated's province are familiar: K•B Toys, K•B Toy Outlet, K•B Toy Works, K•B Toy Express and Big Lots Furniture, to name only a few. The organization has more than 50,000 associates corporate-wide and \$4.7 billion in annual sales.

Despite its growth, Consolidated has avoided complacency. The organization's continued flexibility in adapting to change and meticulous attention to detail contributes greatly to its consistent growth and profitability. The successful business approach is evident, quite literally, in the way Consolidated labels itself.

Value Days

Consolidated continues to find better ways to manage its operations, all the way down to the printing and distribution of its product price tag labels. Production of these tiny, seemingly insignificant labels is no small task. In fact, it is taken quite seriously.

"Price tags are essential for driving sales, particularly in the wholesale closeout retail industry where companies such as ours rely heavily on value communicated through comparative pricing," says Kirk

Smith, the manager of Information Systems Operations and Technical Support. "Our industry presents a treasure hunt-like atmosphere since we're selling closeout merchandise. When a product line is sold, it's gone, meaning we don't restock the same exact items. Price tags, therefore, must effectively shout the product price to customers."

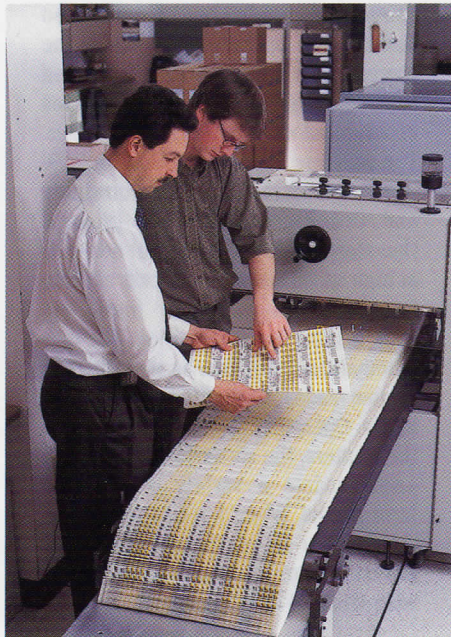
Consolidated takes production of this document so seriously, in fact, it performs the majority of tag label printing and distribution at the Columbus headquarters where things can be closely managed. The label contains product prices and a barcode for scanning at checkout.

Product prices are unique to Consolidated stores because the company buys merchandise outright at closeout prices. "Our price tags therefore don't require a typical retailer's Universal Product Code, the barcode used to retrieve product pricing from a central computer during checkout," comments Smith. "Instead, all of our pricing information appears on and is read directly from the tag during purchase." As a result, centralized pricing and production gives Consolidated increased control and consistency

with both prices and tag production. This saves time for store workers who can now devote more time to customers. "Pricing our merchandise is as easy as placing a stamp on an envelope," adds Smith.

Everything Must Go

Consolidated prints its tags using blank, die-cut



Kirk Smith (left) and Marc Poland evaluate the finished product before boxing and shipping.

labels with a preprinted color background. The company regularly collaborates with Standard Register, its label supplier, to improve labels and in-house printing processes. One successful project was put into place in 1998 that demonstrates this collaboration. An entirely new approach to label production.

Before the change, labels were manufactured and supplied to Consolidated in cartons of 18-inch by seven-inch, fan-folded continuous product. Consolidated then printed, boxed and distributed the labels enclosed in their respective product shipments to stores nationwide. This process required the work of three full-time operators who printed a total of 34 million labels annually from 6,190 cartons.

Consolidated's operators spent more than an hour a day opening cartons and loading labels into the printer. Document jams occurred regularly, and printers required frequent loading. Errors often occurred while attempting to run continuous feeds through the printer by splicing the end of one label stack with the beginning of the next. To make matters worse, clearing jams frequently took an hour or more. With each jam, valuable time was wasted as were materials and toner. This drove up printing and maintenance costs and increased the potential for serious printer damage. Consolidated could no longer afford to have its operators devote over two hours each day to slice stacks of labels and box smaller stacks for warehousing. "Given our anticipated future growth and the multitude of expenses that were tied to a very time consuming, not to mention, frustrating process," says Smith, "we simply had to find a faster, more flexible method."

Process Improvement

Standard Register conducted a document processing time analysis and workflow assessment led by technical consultant

George Downs. This study detailed the total economic impact for Consolidated and proposed moving both label manufacturing and printing to 40-inch diameter rolls. The proposal was accepted, and Downs worked closely with pre- and post-processing equipment manufacturer Energy Saving Products (ESP) to implement the customized solution. "ESP made special modifications to its standard roll unwinder and document out-feed folder. They combined folding and slitting into a single operation, which greatly increased production speed," explains Downs. Standard Register then developed precise document perforations for the labels that allowed Consolidated to achieve uninterrupted label production. Consolidated can now easily slit and fold labels into individual stacks along the perforations.

The new process has been simplified so that a single operator can manage the process with ease and has eliminated the aggravation and inefficiencies experienced when using cartoned labels. The rolls are received by Consolidated and are processed using ESP's unwinder and Océ PageStream 372m printers. Operators are now able to print non-stop at high speed and automatically slit into five individual stacks for immediate warehousing and distribution. The new automatic slitter/folder is versatile and custom made for use with Consolidated's labels. Operating at the same speed as the printers, the slitter/folder adjusts to accommodate a variety of business form widths. When a roll is completed, the operator splices the end to the new roll and the printing process continues with minimal interruption.

The Benefits

Since implementing its new printing process, Consolidated has increased production from 34 million to more than 60 million labels annually. Efficiency



increased by more than 407% under the new process. Equipment downtime, alone, decreased by 92%. Consolidated has recovered 1,285 hours (32 weeks) in labor saved annually. Adopting the 40-inch roll stock established more cost-efficient label production. As a result, Consolidated saved more than \$16,000 annually for the same number of labels. Additionally, waste savings totaled \$12,000 annually.

The new, low-maintenance label printing process ensures that labels are completed on time and has reduced the potential for costly overnight and hourly shipments and late arrivals. Most importantly, Consolidated now has the flexibility to change information swiftly and easily. The standardized production processes will be helpful when acquiring new businesses or coordinating pricing among all of its stores.

"We're thrilled to have taken a cumbersome process, widely viewed as a hassle, and converted it into an efficient operation and unexpected strategic advantage," says Smith. "In addition to money and time saved, and an improved work environment, we've taken an innovative step toward accommodating our future growth."

Michael Sherman is Corporate Public Relations Manager with Standard Register.



600 Albany Street, Dayton, OH 45408
1-800-755-6405
www.standardregister.com

Copyright 2000 by RB Publishing Inc. A reprinted excerpt from Document Processing Technology 2424 American Lane, Madison WI 53704-3102; 608-241-8777; Fax 608-241-8666; Email rpub@chorus.net; www.dptmag.com.