Cross-Docking

Cross-Docking is a goods flow-through process in which inbound goods are directly used for shipping outbound orders, eliminating the need to store them in the warehouse. Warehouse planners or supervisors can make cross-docking decisions either in real-time during the receiving process to meet an existing shipping demand or they can predetermine cross-docking decisions based on planning for select outbound orders.

With the increasing demand for shorter delivery times and reduced inventory costs, perhaps we are considering cross-docking as a viable option to improve our supply chain and warehouse operations. SAP Extended Warehouse Management (EWM) in SAP ERP Central Component (ECC) 6.0 offers a comprehensive cross-docking functionality that is integrated with warehouse module.

Cross-docking is a process in which goods are shipped to the customer or destination directly at the time of receipt based on appropriate linkages such as inbound receipts that can fulfill outbound order requirements. Without cross-docking, goods are stored in the warehouse instead of being shipped immediately upon arrival.

Cross-docking could benefit supply chain in several ways. Here are a few key advantages of cross-docking:

- **Inventory cost reduction**: Cross-docking offers the perfect opportunity to ship goods without storing them in a warehouse, consequently lowering the inventory carrying cost and allowing you to buy only what is needed. However, a great partnership with suppliers is essential to meet delivery windows with frequent shipments.

- **Material handling cost reduction**: Cross-docking helps reduce material handling and movement costs within a warehouse. While a normal warehouse process takes receiving, putaway, picking, and shipping to deliver to customers, cross-docking reduces the process steps to receiving and shipping.

- **Warehouse storage space**: With cross-docking, goods are moving directly from the receiving area to the shipping area, bypassing the warehouse storage and hence reducing the storage space requirement.

Cross-docking supports JIT (Just-in-time) operations in a distribution environment: While JIT aims to have the correct inventory at the right time, cross-docking enables a shorter cycle time to ship goods upon arrival in the warehouse.

Cross docking Contd...

Cross-docking is an efficient consumer response (ECR) concept used to improve logistics, in particular in the distribution center. The goods are taken from goods receipt to goods issue without being placed in storage in the meantime. You can use the cross docking method to increase inventory turn, move the goods through the distribution center more quickly and reduce the costs for processing and storage. You can also use the cross-docking method in SAP Retail even if you do not use a warehouse management system. Cross-docking includes the following processing methods:

- **Cross-docking**
  The shipping units are not unpacked or repacked between goods receipt and goods issue.

- **Flow-through**
  Once they have been received, the goods are transported to a repacking zone, where they are repacked. They are then taken to goods issue. The following types of flow-through exist:
  - **Recipient-driven flow-through**
    After goods receipt, the merchandise distribution data is evaluated and the relevant deliveries are created for the recipients. The articles for these deliveries are then picked.
  - **Merchandise-driven flow-through**
    The goods are picked in the distribution center using a distribution order. When a handling unit (e.g. a pallet) is full, a delivery is created containing the content of the handling unit. You can only use this method if you use Lean WM.

A pallet of boxes of red wine is delivered to goods receipt. A distribution order is created for the pallet when the goods receipt is posted, and is printed in the form of a distribution list. A member of the warehouse staff takes the pallet to the distribution zone, where there are a number of pallets, each assigned to a different store. Other articles have already been placed on these pallets for the stores.

The warehouse staff use the information on the distribution list to put the boxes of red wine on the store pallets, e.g. 6 boxes on pallet 1 (Boston store), 4 boxes on pallet 2 (Cambridge store) etc. Once a store pallet is full, a delivery is created for it in the system. The goods on the pallets are then secured, and the pallets transported to goods issue.
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