

Jussi Karppinen

PACKING, SHIPPING AND FOLDING INSTRUCTIONS TO
CHINESE SUPPLIERS

REIMA LIMITED COMPANY

Bachelor of business

2010



REIMA OY, PAKKAUS, LAIVAUS JA TAITTELUOHJEISTUS KIINALAISILLE
TAVARAN TOIMITTAJILLE

Karppinen, Jussi
Satakunnan ammattikorkeakoulu
Liiketalouden koulutusohjelma
Elokuu 2010
Vihakara, Anne
Reima Oy
Sivumäärä:30

Asiasanat: logistinen prosessi, pakkausohjeistus, Reima Oy, Kiina

Tämän opinnäytetyön tarkoituksena oli tehdä kuvaus Reima Oy:n Kiinasta Suomeen tapahtuvasta logistisesta prosessista ja löytää keinot parantaa sekä nopeuttaa sitä. Tutkimuksen tarkoituksena oli kuvata prosessi sekä siihen liittyvät dokumenttikäytännöt, listata ongelmat ja puutteet prosessista ja tehdä selkeä käytännön työ tilanteen parantamiseksi.

Puutteelliset ja jopa väärät käytännöt aiheuttavat merkittäviä kustannuksia sekä viivästyksiä Reiman nykyisessä prosessissa. Pahimmassa tapauksessa tuotteiden tullaus viivästyy huomattavasti ja yritys maksaa tarpeettomia tulleja tai maksuja väärin tai puutteellisten dokumenttien johdosta. Tavarana pysähtymisestä prosessissa aiheutuu myös erilaisia tarpeettomia varastointikuluja. Lisäksi riittämättömät ohjeistukset vaikeuttavat tuotteiden tarkastusta Suomessa, joka vie paljon turhaa aikaa ja resursseja.

Käytännön ratkaisuna logistisen prosessin parantamiseksi oli luoda uusi kattavampi pakkaus, laivaus ja taitteluohjeistus. Aikaisemman usean dokumentin sijaan tavoitteena oli luoda yksi selkeä kokonaisuus. Ohjeistus perustuu pääosin Reiman henkilöstön kanssa tehtyihin haastatteluihin ja omaan fyysiseen havainnointiin Reiman tavarantoimittajilla Kiinassa, sekä Kankaanpään varastolla.

Pakkausohjeistus tulee suoraan yrityksen käyttöön ja sen toimivuuden testaamista varten ollaan mahdollisesti kehittämässä seurantamenetelmä, jolla karsittaisiin automaattisesti jatkuvasti ohjeistuksesta piittaamattomat tavarantoimittajat. Tällöin itse ohjeistuksen merkitys voi vaikuttaa suoraan jopa toimittajan valintaan ja hylkäämiseen.

REIMA LIMITED COMPANY, PACKING, SHIPPING AND FOLDING
INSTRUCTIONS TO CHINESE SUPPLIERS

Karppinen, Jussi

Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences

Degree Programme in Bachelor of business

Elokuu 2010

Vihakara, Anne

Reima-Tutta limited company

Number of pages: 30

Key words: logistic process, packing instruction, Reima limited, China

The purpose of this thesis was to describe the logistic process of Reima from China to Finland, also improve it and make it faster. The purpose of the research was also to demonstrate the whole process and the related documental practice list the problems in it and do a practical work to make the situation and functions better.

Inadequate or even false practises cause significant costs and time delays in the present logistic process. In the worst case the declaration of goods in customs are delayed and the company must pay redundant fees, because of the lacking or false documents and packing. Stopping of the goods in the logistic process causes also unnecessary warehouse costs. In addition, the inadequate instructions lead to difficulties in the checking of the goods in the warehouse in Finland and this takes uncalled time and resources.

As a practical solution the new and more inclusive packing, shipping and folding instructions was made. The goal was to make a one single clear instruction that has all the valid information related to shipping, packing and container filling. The instruction is mainly based on the interviews done with the staff of Reima and on physical observation as visitor of the suppliers in China and in the Kankaanpää warehouse in Finland. Research was carried out as field research.

The result of this work is that the new instructions are going straight in to use of Reima limited and for testing it there will be a possible surveillance system crafted, that would eliminate the suppliers that would constantly neglect the instructions. In which case, the instruction itself could directly affect even to the selection and rejection of a supplier.

TABLE OF CONTENTS

TIIVISTELMÄ

ABSTRACT

TABLE OF CONTENTS	4
TIIVISTELMÄ	4
ABSTRACT	4
1 INTRODUCTION	5
2 REIMA IN GENERAL	6
2.1 Basic information	6
2.2 Products and production	6
2.3 Markets and sales	7
2.4 The industry	10
2.5 Suppliers and consolidation	11
2.6 The representative office Shanghai	12
3 PACKING AND SHIPPING INSTRUCTIONS	13
3.1 General	13
3.2 Legal Compliance and co-operation between buyer and supplier	14
3.2.1 Suppliers tasks	15
3.2.2 Forwarders tasks	16
3.2.3 Buyers tasks	16
3.3 Booking and deliveries	17
3.4 Packing material and carton	18
3.5 Packing	19
3.6 Hangtags	20
3.7 Hangers	20
4 FOLDING INSTRUCTIONS	22
4.1 Folding steps for overalls	22
4.2 Folding steps for pants with hanger type 9012	23
4.3 Folding steps for jackets	24
4.4 Folding steps for two piece set/ jackets and pants	25
4.5 Folding steps for two piece set/ jackets and bibs	26
4.6 Packing of the accessories	27
4.7 Carton Markings and container loading	28
5 DISTRIBUTION IN FINLAND	30
5.1 Forwarder service	30
5.2 Warehouse in Kankaanpää	31
5.3 Goods receiving and container unloading	32
5.4 Picking and deliveries	32
6 SUMMARY	34
REFERENCES	35

1 INTRODUCTION

The idea for the thesis came from the conversation with Reima's Production Manager Juha Alitalo in the February of 2009. As I was doing my internship in the logistic section of Reima's Shanghai office, it was clear that the thesis was supposed to be around that field. As a result of conversation it decided that the best possible topic would be related to the area of shipping documents and the different steps related to the movement of goods in general. Especially the lack of combined and up to date packing and shipping instruction got my attention. After some evaluation it was decided that the work for Reima limited would be to update the instructions which would improve their logistic process.

The research problem for this thesis was how to improve the logistic process and especially the factors that are included in the packing process. The solution that is introduced in this thesis is new and more comprehensive packing instruction. The method to collect the information was mainly done by interviewing the Reima personnel in Shanghai China as well as in the head office in Kankaanpää Finland. The questions were prepared by the author and were stored by hand written notebooks or typed documents. As the information was gathered it was analyzed by author by comparing them to the Company's needs and previously gathered literature. Phone calls, e-mails and face to face discussions with Reima employees were a big help of the molding information in to the final instructions.

Other major research method was observation done in the factories in China as well as in the warehouse in Kankaanpää. For documental observation the research was done by following and co-working in the Shanghai representative office logistic section. The observations from the factories were written down to a notebook and later on typed down. Afterwards the observations were reported to the Reima Production Manager Juha Alitalo or to Logistics Manager Katariina Kaisla. From that point it

was discussed how to improve the procedures that author had pointed out and after that it was up to the author to make suggestions to improve the process.

2 REIMA IN GENERAL

2.1 Basic information

Reima was founded in 1944 in Kankaanpää. Reima is the leading manufacturer in the Nordic region children's clothes. Other important Children wear brands are Tutta and Lassie. Reima is also a forerunner in wearable technology and electro-textiles. (Reima limited,2010)

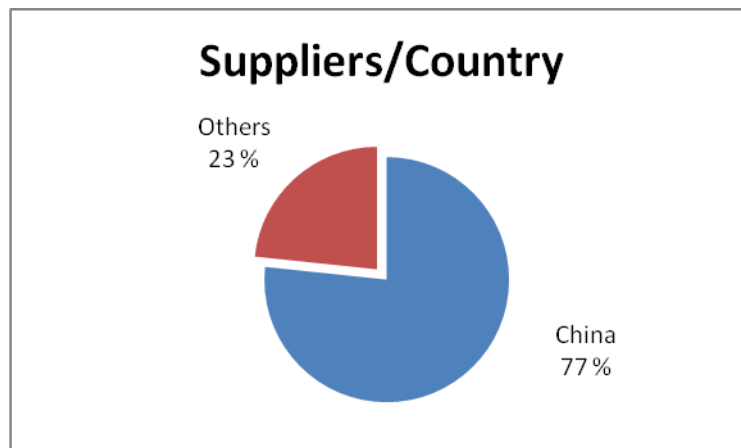
In the year 2004 Reima removed all the manufacture lines for the adult clothes and they focused their action to their primary target group of 0-12 year old children. After that Reima as an enterprise has been constantly growing and maintained the leading position in Finland, Scandinavia, Russia and Switzerland. At the moment Reima's products are sold in almost 20 countries and nearly 70% of the products is exported out of Finland. The product planning and product development are mainly done in Finland but the production is centered in Far East, mostly in China. The main installation is still located in Kankaanpää Finland, which is located nearby the most important import harbors, Pori and Rauma. The other important office in Finland is located in Vantaa. Since 2005 the CEO of Reima has been Christopher Silcowitz from Denmark. (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

2.2 Products and production

Reima limited is planning to stay and produce in China for the upcoming five years. At the moment the most factories are located to the eastern part of China but the

movement will probably be more in the middle of China, since the Chinese government is starting to move the money currently to there and area there will develop and offer new opportunities. At the moment continuing producing in China is still very profitable as the price and quality relation is good. Reima is centering their manufacturing because that is the most profitable and fastest way to do business. Also it is easier to supervise. After China is no longer seen as good for producing, Reima will keep their eyes open for new possible replacement countries. There has been some sounding towards India and Vietnam could also be one of the possible rising countries for Reima's clothes manufacturing. At the moment Reima has production in eight different countries. The countries are: South-Korea, Sri Lanka, Vietnam, China, India, Indonesia, Portugal and Thailand. China's portion of all the production is huge. Figure1. shows that the share of China in production is 77 percent which leaves the share of 23 percent to the rest of the production. There are 23 suppliers while all the other countries only have one supplier each. (Alitalo, J. interview. 05.08.2009)

Figure1. Reima limited's supplier division. (Kaisla, K. Interview. 04.05.2009.)



2.3 Markets and sales

Reima exports nearly 70 % of its products but Finland is still clearly number one when it comes to sales and volume. After Finland the most remarkable market shares

are in Norway, Russia, Sweden and Denmark. The fact that the market share is big also can be seen in the sales statistics and of course in the amount of parcels sold. The share of 5 % that is left for the rest of the countries in sales, tells a lot of the significance of the sales in Finland and in the countries mentioned above (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

Comparing the sales volume in the year 2008 (Figure4.) and 2009 (Figure5.), the slight effect of the recession can be seen. As the amount of exports in whole Finland diminished, it has affected to the sales in abroad for Reima as well. Also one change in 2009 was that the Reima products started to be sold in Italy and for example USA and Canada which had sales in 2008 were left off. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 04.March.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

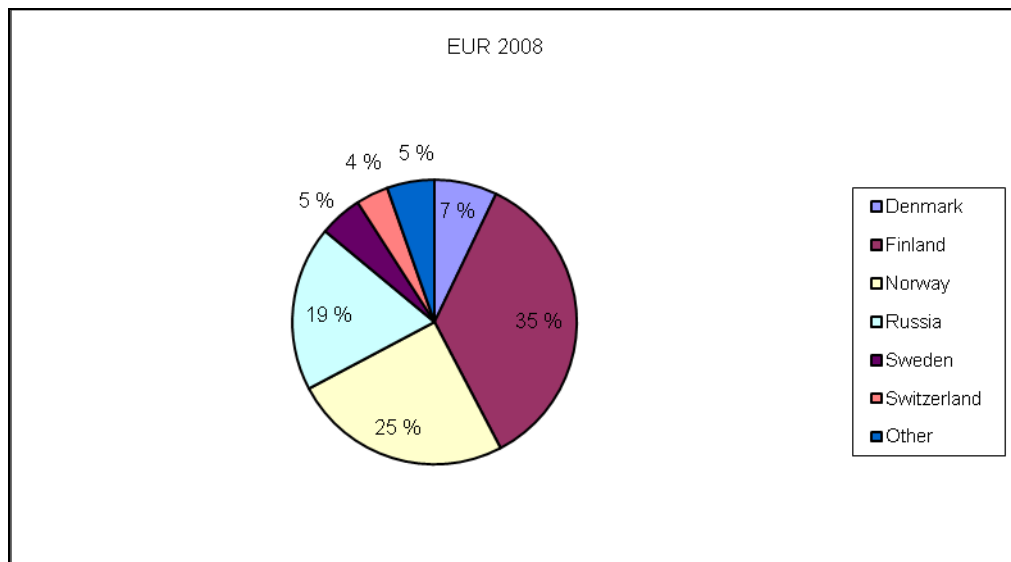


Figure2. Reima limited sales 2008. (Reima limited sales chart 2008)

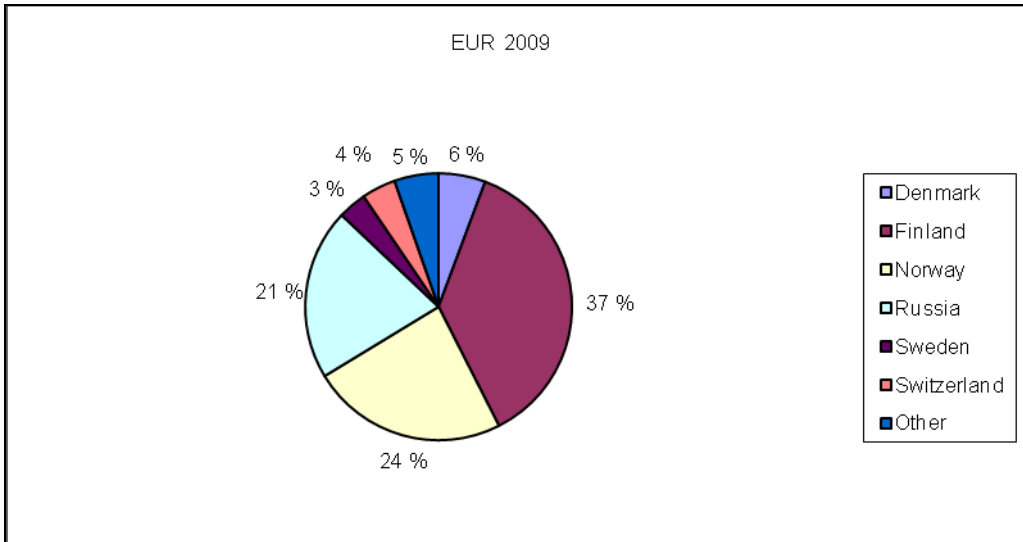


Figure 3. Reima limited sales 2009. (Reima limited sales chart 2009)

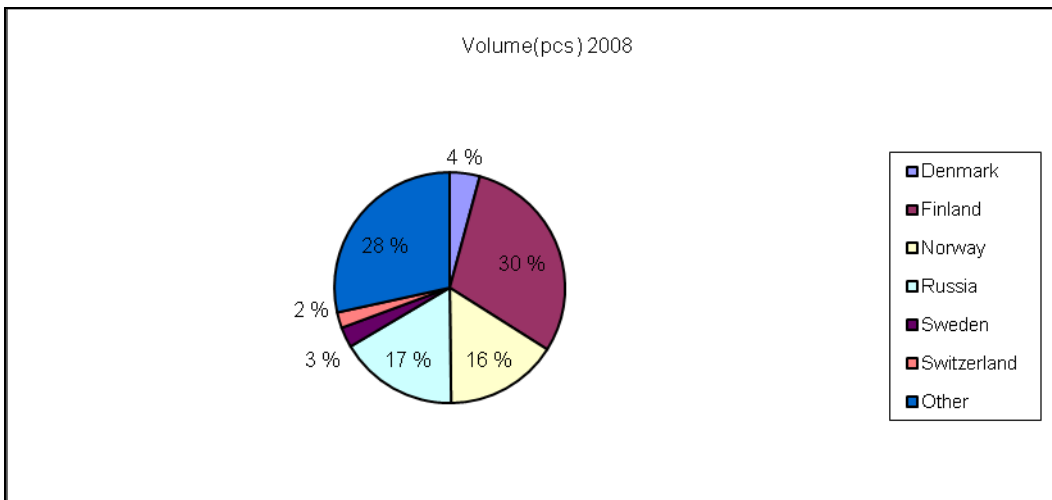


Figure 4. Reima limited sales volume 2008. (Reima limited sales chart 2008)

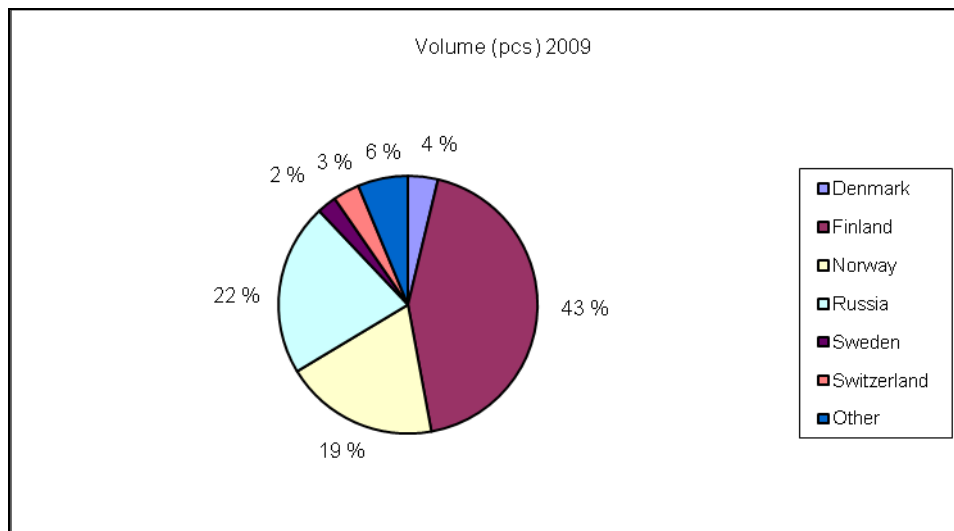


Figure 5. Reima limited sales volume 2009. (Reima limited sales chart 2009)

2.4 The industry

The sewing industry itself is a simple form of manufacturing and the markets are quite easy to enter, though the surviving is another issue. There are several suppliers that manufacture clothes and that makes it hard for buyer to find the most suitable ones. The basic process of the sewing the Reima clothes is also really simple. There is very little automation and the clothes are personally made using the sewing machine. The little amount of automation and simple machinery makes it easy for Reima and other companies in this industry to move to the new countries to do the production. Because the demand of machinery is not so high, the basic Reima clothes can also easily be made in third world countries and in more simplified factories. However choosing of the factories is always done through extremely strict quality control and products are always tested by demanding models by each product. This ensures the high quality of the products. As it comes to the technology and electro-textiles the production can be still done by the traditional sewing. (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

2.5 Suppliers and consolidation

Reima started their production in China at the beginning of the 1980s. First the production was cut make and trim based, which means that all the goods used in production were shipped from abroad. Nowadays the suppliers are responsible to buy the goods and Reima just buys the finished products from their suppliers. The first standard Reima gives for the suppliers is, that they must operate ethically right and of course obey the law in the host country, laws in Finland and also the international law. The second standard is that the machines for the production must be good and operative. The last standard is that the supplier has some earlier experience from producing the products that Reima needs. This can be seen by comparing their earlier customers, their products and how well the supplier has done with them (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

For the consolidation of goods Reima limited started two years ago a consolidation project in Mengtong warehouse located outskirts of Shanghai. The purpose of this warehouse project is to collect the smaller shipments as bigger ones. Approximately 40% of the goods of Reima's suppliers go through Mengtong. In this way the expenses are minimized, because there will not be as many partial containers for example if there are many smaller suppliers, even from different countries, the consolidation of goods is important. In an example case goods can arrive from South-Korea, India and from China. The goods are combined in Mengtong and sent to their next destination. Mengtong is also a duty free warehouse and it is good for planning the shipments and the timetable. It also does the bookings for the shipments and handles the customs related paperwork. (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

2.6 The representative office Shanghai

Operations in the representative office Shanghai was started in year 2001. The purpose of opening the office was the rising production in China. Reima needed a base for their operations in China. Also checking the factories and contacting with the suppliers was needed, since Reima did not have any factories of its own in China anymore. In the beginning representative office was run by only one single person, Chief representative Joana Chen. Soon the operations expanded and more people were hired to contact the suppliers and also take care of the brands of the Reima family's brands, Reima, Lassie and Tutta. . (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

At the moment the representative office Shanghai has only been contacting and then forwarding the information to the Kankaanpää office. For example in logistics the shipping documents are passed through the representative office for checking and from there they continue to Kankaanpää. Also the model from the invoice, packing list and packing instructions are send from representative office. In the near future the amount of people in the office will increase and also the responsibility will grow. As the Shanghai office has been just info passing unit, the plan in the future is that it would be also part of decision making and it would not have to consult Kankaanpää office with every move. (Alitalo, J. Interview.2009 Production Manager, Reima limited company. Kankaanpää. Open interview on 5.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

This solution would save a lot of time since the amount of meetings and trips to China would not be necessary as often as now. There will also be sample testing as new sample testing equipment has been bought. Before this all the testing has been done in Kankaanpää office. The basic work assignments in the representative office Shanghai are communication with the factories, logistics, zoning, quality control, and assistant positions. (Chen, J. Interview.2009 Head Representative, Reima limited representative office. Shanghai. Open interview on 15.May.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

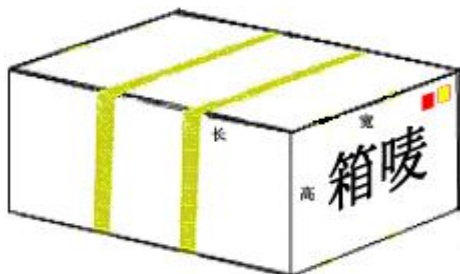
3 PACKING AND SHIPPING INSTRUCTIONS

3.1 General

The packaging must protect the garment from being soiled or damaged. Any deviation from the requirements stated in this manual will result in buyers' inspection of the entire shipment. The supplier will be responsible for all costs associated with rework to correct the shipment before it is entered into buyers system. (Jenny, W. Interview.2009 Logistic assistant, Reima limited representative office. Shanghai. Open interview on 3.March.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

Each purchase order must be packed as per style/colour/size (except the ones for the assortment packing). Different purchase orders cannot be packed in the same carton. Different style but same Purchase order number can be packed in one carton (mixed carton. From Picture1. it can be seen how there should be a red sticker on the up right corner. The size of the red sticker is 5cm*5cm. (Reima general packing instructions, 2009)

Picture1. (Reima general packing instructions, 2009)



3.2 Legal Compliance and co-operation between buyer and supplier

guidelines mentioned in the instructions do not eliminate seller's responsibility to ensure packing, box markings, legal shipping documents and palletization comply with all applicable national and international laws and regulations. (Kaisla, K. Interview. 15.2.2010) (Kaisla, K. Interview.2009 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 15.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

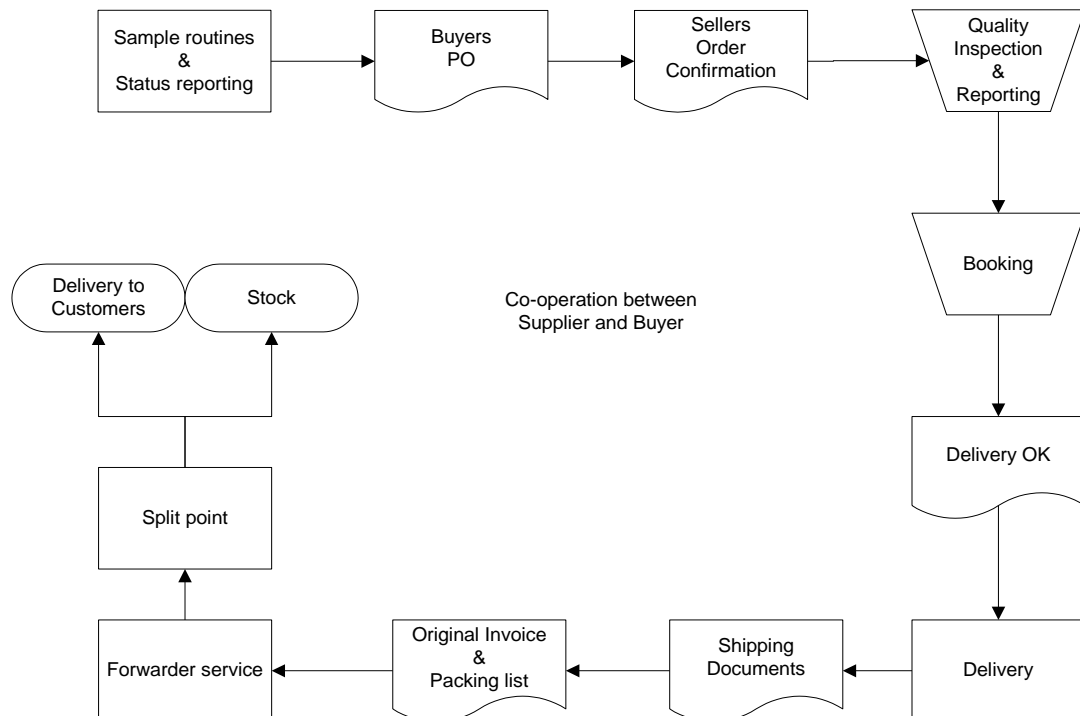


Figure. (Kivistö, K. Interview.2010 Purchase Assistant, Reima limited company. Kankaanpää. Open interview on 05.September.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

Figure.1 shows the co-operation between the supplier and buyer in Reima limited. The process starts by checking doing the sample routines & reporting: pre-production samples confirmation. It is followed by buyers (Reima limited) purchase order. Purchase order includes

1. purchase details with quantities, price and total value.
2. delivery date and address.
3. term of delivery.
4. term of payment.
5. packing and forwarding instruction etc.

After the purchase order is confirmed by the seller, Reima limited starts quality inspection by using their own quality controller or third party. As the goods are inspected the booking is done by the seller, confirmed by Reima and after that transported to their destination. Shipping documents that are necessary for the transportation include invoice, packing list, CO and BL.

Seller makes invoice, packing list. if the payment term is L/C, buyer will get original invoice, packing list, CO and BL through bank. If T/T payment term is used Reima will get original documents from seller before or after payment done. With original document of shipping, buyer can do custom declare .and apply for certificate of origin for the delivery. After shipment is done, the seller will get bill of lading from the forwarder.

Table1. (Wu, J. Interview.2009 Logistic assistant, Reima limited representative of- fice. Shanghai. Open interview on 3.March.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer

3.2.1 Suppliers tasks
Sample routines

Order confirmation
Status reporting
Booking form to forwarder
Shipping documents
Delivery OK
Delivery to the forwarder
Inform about forwarder functions
Invoice and Packing List
Bill of lading (B/L), Certification of origin (C/O), and other documents when needed
Other agreed commitments

Table2. (Jenny, W. Interview.2009 Logistic assistant, Reima limited representative office. Shanghai. Open interview on 3.March.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer

3.2.2 Forwarders tasks
Forwarder service list
Shipment routines
Other agreed commitments
3.2.3 Buyers tasks
Order terms and forwarding instruction

Sample confirmation
Delivery control
Delivery Ok confirmation
Other agreed commitments

3.3 Booking and deliveries

The supplier books the shipment space from the forwarder. The supplier informs the buyer of the booking that has been made. After the booking supplier sends the invoice and packing list 3 working days before the closing of shipment. If the buyer has requested shipping samples when making order, also samples are sent. The supplier must receive confirmation of the delivery from buyers representative. Supplier sends prior the shipment copy of original invoice, packing list including net weight, gross weight and volume for each country and order. After these, supplier receives delivery ok. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 15.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

The supplier delivers goods to the forwarder at agreed location and ensures that packing and goods keep high quality. Part delivery or any other variations from the original order is not accepted unless the supplier has received an approval from the buyer. Partial shipment is usually approved in the reimburse trade. (Wu, J. Interview.2009 Logistic assistant, Reima limited representative office. Shanghai. Open interview on 3.March.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer)

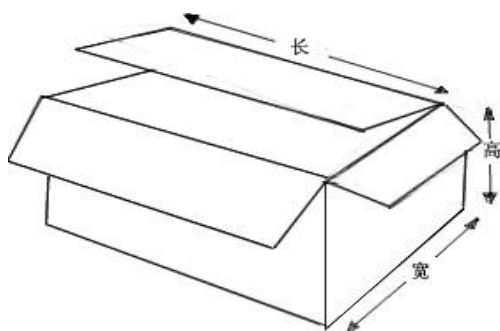
Supplier delivers goods:

- A) purchase order, style, colour and size
- B) Assortments, purchase order, style and colour

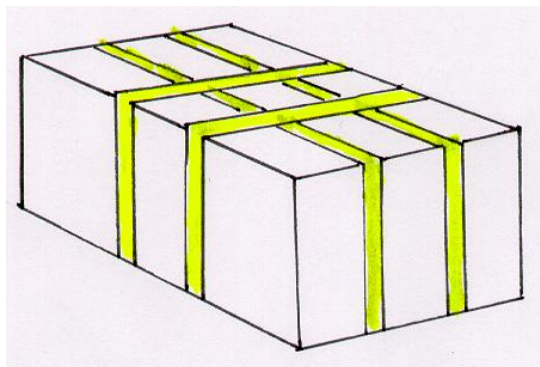
3.4 Packing material and carton

All materials must be of a quality that ensures that the products are in good order and condition when they reach their final destinations. The required material type is a brown three ply cardboard. Carton must be stiff enough to keep carton in shape during transportation. The piling durability of this recommended carton is 6,0 ECT kN/m. The puncturing strength as pressure is 1200 mullen kPa. Carton can be flap top type or with separate cover. There have to be used strings on the cartons to ensure quality of the garments within the carton (Picture3). There should be strings both lengthways and also crossways. Maximum weight per carton is 15 kg. (Reima general packing instructions, 2009)

Picture.2 (Reima general packing instructions, 2009)



Picture3. (Reima general packing instructions, 2009)



The size of the carton is:

Table 3. (Reima general packing instructions, 2009)

Length	Width	Height
80cm	55cm	35cm
80cm	55cm	20cm
60cm	55cm	20cm
60cm	55cm	10cm

If purchase order is for assortment packing, factory can order the carton size according the actual goods.

3.5 Packing

Articles are packed into the carton so that carton space is not wasted but loosely enough to ensure good quality. Garments include hangers and hangtags are defined in the product specifications. (Reima general packing instructions, 2009)

- A) Carton must be wrapped inside with a mother bag protecting all garments packed in. Inside each carton there must be placed an absorbing desiccant to absorb moisture.
- B) If one style must be packed in individual poly bag there should be placed an absorbing desiccant.
- C) Jackets pants and overalls are used with pointed hangers. Hangtag must be placed, so it can be easily seen
- D) Hats and clothes should be packed 3/pieces/color/size in one polybag. Hangtag must be placed so it can be easily seen.

Poly bag material: The poly bag must be environmental material and should not have toxins and things that are harmful for the clothes and nature. The thickness is around 0.25mm (Reima general packing instructions, 2009)

3.6 Hangtags

Hangtags are placed in a specific location determined by the garments type. For example technical limitations, the garment material, and the tagging place should be taking in to consideration. The hangtag identifying the product must be on the top in case there are other tags attached. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 15.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

In the product hangtag there should be stated: Article number / Style number, Size, EAN-code and price if required. The above product identification hangtag is the minimum requirement and it should be used if not otherwise instructed in product specifications. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 15.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

3.7 Hangers

Each garment should have a hanger if it is not otherwise instructed. The main requirement for hangers is that they are made of polystyrene and have a metallic hook. A counter sample must be sent for an approval before a hanger is taken into use. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 15.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

Following hanger types and codes can be used:

Picture4. (Hangers1, Karppinen, J. 9.11.2009.)



9003, for overalls and jackets, sizes 62 – 110 cm

Picture5. (Hangers2, Karppinen, J. 9.11.2009.)



9004, for overall and jackets, sizes 116 – 164 cm

Picture6. (Hangers3, Karppinen, J. 9.11.2009.)



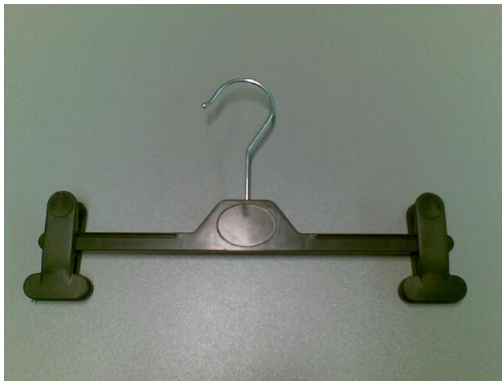
9005, for two-piece set, sizes 116 – 164 cm

Picture7. (Hangers4, Karppinen, J. 9.11.2009.)



9008, for two-piece set, sizes 62 – 110 cm

Picture8. (Hangers5, Karppinen, J. 9.11.2009.)



9012, for trousers

4 FOLDING INSTRUCTIONS

4.1 Folding steps for overalls

Picture9.(Karppinen, J, 9.11.2009.)



Step1

Picture10. (Karppinen, J, 9.11.2009.)



Step 2

Step 1: right hanger is placed inside an overall. Specified hangtags are attached to the left string.

Step 2: Fold overalls as little as possible. If needed, fold only from the knee. Hangers are faced outside of the carton. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

4.2 Folding steps for pants with hanger type 9012

Pictures 11-13.(Karppinen, J, 9.11.2009.)



Step 1

Step 2

Step 3

Picture14. (Karppinen, J, 9.11.2009.)



Step 4

Step 1: the pants are placed on hanger.

Step 2: hangtags are attached to the waist seam, belt ring or to zipper seam.

Step 3: sizes 134 and up are folded from the knee.

Step 4: the pants are placed into a carton. The waist points to the end of the carton. Hangers are faced outside of the carton. The pants may overlap each other as the size grows. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

4.3 Folding steps for jackets

Picture15. (Karppinen J, 9.11.2009)

Picture16. (Karppinen J, 9.11.2009)



Step 1



Step 2

Picture17. (Karppinen J, 9.11.2009)



Step 3

Step 1: jacket is put on a hanger.

Step 2: specified hangtags are attached to the right string or to the zipper seam.

Step 3: jackets are placed into a carton. The waist points to the end of the carton and the hangers are faced outside of the carton. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

4.4 Folding steps for two piece set/ jackets and pants

Pictures18-20. (Karppinen J, 9.11.2009)



Step 1

Step 2

Step 3

Picture21. (Karppinen J, 9.11.2009)



Step 4

Step 1: fold the pants in half. In step 2 place the pants to a hanger, fold from the middle.

Step 3: place the tagged jacket on the hanger. Zip up the jacket. The pants are inside the jacket

Step 4: the sets are placed into a carton. The waist points to inside of the carton, hangers faced outside of the carton. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

4.5 Folding steps for two piece set/ jackets and bibs

Pictures22-24. (Karppinen J, 9.11.2009)



Step 1

Step 2

Step 3

Step 1 the bibs are placed on a hanger.

Step 2 place the tagged jacket on the hanger, on top of the bibs.

Step 3 place the sets into a carton. The waist points to the inside of the carton, hangers faced outside of the carton. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

4.6 Packing of the accessories

Picture25. (Karppinen J, 9.11.2009)

Picture26. (Karppinen J, 9.11.2009)



Step 1



Step 2

Picture27. (Karppinen J, 9.11.2009)



Step3

Step 1: Get a sticker that has following information- style, colour, size, and quantity.

Step 2: place the sticker in to the bag, according to which style of accessories it is.

Step 3: Pack the accessories in the carton, in the way, that the sticker will point upwards from the carton. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

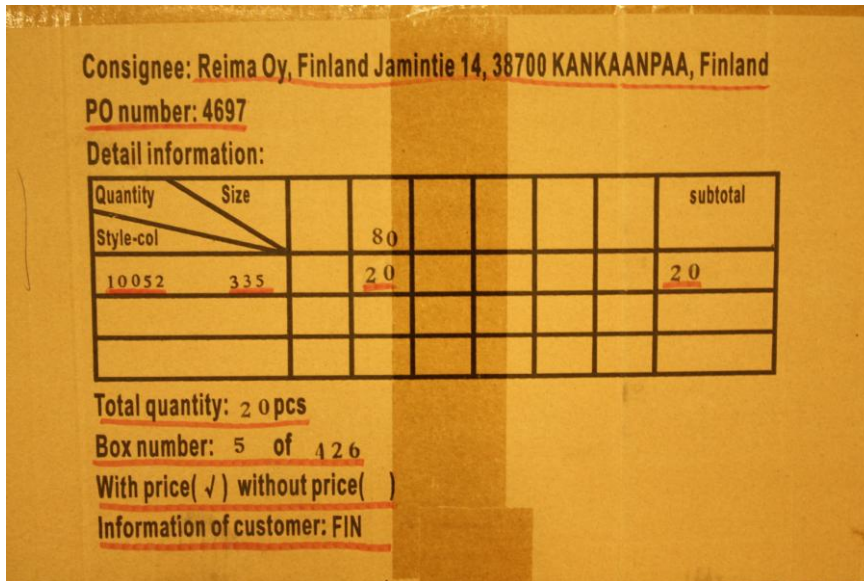
4.7 Carton Markings and container loading

No markings on the length side. On the width side there should be marked:

Table.4 (Kaisla, K. Interview.2009 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 21.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

Consignee
PO number
Style number
Colour number
Assortment information (or size information)
Quantity / size
Box number
With price /without price tags information
Information of customer price tags

Picture28. (Karppinen J, 9.11.2009)



Cartons should be stuffed in to the containers according to their purchase order-number, in a way that same purchase order numbered cartons are packed as close to each other as possible.

The carton information should be faced out from the container to easier the unpacking in the final destination. (Kaisla, K. Interview.2009 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 19.November.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

Picture. Correctly loaded container, Kaisla K, 19.11.2009.)



5 DISTRIBUTION IN FINLAND

5.1 Forwarder service

Two weeks before the shipment of the goods, the suppliers do the booking for the representative of forwarder company. At the same time the supplier lets forwarder company know how large container they need for the goods and send the timetable of the shipment. They also inform the forwarder when the loading of the goods should be done and what is the timetable of the consignment. Couple of days before the containers arrive to the harbor in Helsinki, the forwarder sends pre notice to the Reima. Forwarder is also responsible for the transportations from the harbor to Reima's warehouses according to Reima's wishes. In some cases forwarder is also preparing the documents for the customs, but in Reima's case they do not need to, since Reima does it by itself. (Kujanpää, A. Interview.2009 Export Secretary, Reima limited company. Kankaanpää. Open interview on 15.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

So at this time warehouse Kankaanpää is informed about the goods that have arrived to the harbor. At this point forwarder will check the order of the transportation to the warehouse, so the most urgent merchandise will arrive to Kankaanpää on time. For

example some of the Reima's customers are expecting some transportation and there has been some delays in the supply chain before, it must be taken in concentration.

5.2 Warehouse in Kankaanpää

Kankaanpää warehouse is a non automated warehouse containing 16 regular workers. Warehouse is organized in the way that Tutta-Lassie products are in their own section divided from the Reima products. Assortments and shoes are also sorted to their own location. Keeping the order in the warehouse is important to make the picking process, cargo loading and deliveries faster. All the cartons are organized according to their purchase order-numbers and models. The products in Kankaanpää warehouse are stored by hanging and parts of the goods are stored inside the cartons (Pihlajaniemi, S. Interview.2009 Domestic Invoicing, Reima limited representative office. Shanghai. Open interview on 15.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer)

The process in the warehouse starts with a delivery notice from the forwarder. After the notice, Reima's staff will give the timetable and instructions for the delivery. At this point forwarder makes the booking for the transportation of the goods. As the goods are delivered to warehouse in Kankaanpää, they are checked according to pallets. The next step is to prepare the goods for picking process, which means organizing them according to purchase order-number and model. (Aila K. Interview. 12.02.2010.) (Kujanpää, K. Interview.2009 Export Secretary, Reima limited company. Kankaanpää. Open interview on 15.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

As it comes to the deliveries Reima has two clear peaks in deliveries. For the spring and summer clothes the busiest time for deliveries is from beginning of January to the end of February. The autumn and winter season clothes are mainly delivered from the beginning of July to the end of August. (Kaisla, K. Interview.2010 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 15.February.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

5.3 Goods receiving and container unloading

The container unloading is done by loading the cartons to the pallets by hand. After unloading the pallets are moved away from the container, so the cartons can be arranged by their purchase order number. After this the pallets are moved to their place. Arranging the goods is very time consuming and the problems are highlighted when there are goods from many different suppliers. The other problem that would be even easier to fix is that, the carton information is sometimes faced inside of the container. Sometimes when the shipments for the customer must be done quickly this operation causes a lot of unnecessary work. In the extreme case one container can have goods from even six different suppliers. In a nutshell the checking and arranging the cartons to their own pallets will take a lot of time and effects to the whole efficacy of the warehouse. (Pihlajaniemi, S. Interview.2009 Domestic Invoicing, Reima limited representative office. Shanghai. Open interview on 15.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer)

To solve this problem, in the new packing and shipping instruction there is an added section for the container filling. In the ideal situation the cartons are packed to the container according to their purchase order numbers, so the cartons could be packed to the pallets directly and quick and then moved with the forklift to the reserved location.

5.4 Picking and deliveries

In Kankaanpää warehouse clothes are picked and packed according to the size, color and model one by one. In case of accessories the picking is done according to the purchase order number. Picking is done by following the picking lists that are made according to the orders of Reima's clients. In practice this means that cartons are opened and goods are sorted so it matches the picking list. After picking, the goods are shipped to the loading platform where the goods are combined and getting made ready for the transportation to the customers. (Pihlajaniemi, S. Interview.2009 Do-

mestic Invoicing, Reima limited representative office. Shanghai. Open interview on 15.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer)

At the moment all the picking process for the Finnish distribution is done in Kankaanpää warehouse in Finland. Recently there has been a testing process going on for the picking in Reima's consolidation warehouse Mengtong. The goal would be that in Mengtong would be partly responsible for the picking of Reima products. At the moment the picking in Mengtong is tested for the client Aimer and Reima's FOB-customers. (Kaisla, K. Interview.2009 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 10.August.2009. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

This would be a cost-effective solution for Reima and would also ease the process in Kankaanpää warehouse a lot. The problem in this new picking plan is that it is not so customer friendly. If the picking would be done in Mengtong China, the changes that customers would want to their shipments would be really difficult to make. The other problem is that information system is not updated for this kind of project. All the information for the shipments would go through e-mails or scanned documents. So before the picking process would start in Mengtong full time, Reima's Navision information's system would need some changes and also the evaluation of customer's satisfaction after the change. (Kaisla, K. Interview.2009 Logistic Manager, Reima limited company. Kankaanpää. Open interview on 19.November.2010. Interviewer. Jussi Karppinen. Notes held by the interviewer.)

6 SUMMARY

As to summarize this thesis it can be said that all the actions done were ultimately aiming for the Reima limited's logistic process improving. Making the packing, shipping and folding instructions was decided with the Reima personnel back in the year 2008. The idea came as the project was originally improve company's logistic process in some way. After some strict evaluation it was decided that updating the old packing, shipping and folding instructions would serve the company and in my perspective this kind of operational thesis sounded also interesting.

The biggest challenge doing this kind of company-orientated thesis was that the theoretical focus was easily diminished as everything was done for the practical use and in the way the company wanted everything to be done. Although the theoretical and book related reference was not too widely used, the reference that I got through the interviews and from all the Reima personnel were crucial and made the instructions just as company wanted it to be.

The packing, shipping and folding instructions was taken use by the company and are still one important part of the company's logistic process. Since the thesis was done mainly through the interviews and with the co-operation with the Reima personnel, the result was as the company wanted. The main result of the thesis was, that once Reima will design their new supplier monitoring system, the instructions in this thesis will be one key factor that Reima's suppliers need to follow to not to get neglected by Reima.

REFERENCES

Literature.

Suomen huolintaliikkeiden liitto ry. 2005. Huolinta-alan käsikirja. Suomen speedservice Oy.

Kansainvälisen kaupan koulutuskeskus- Finntra ja Multikustannus Oy.2008. Vienti-kaupan asiakirjat, 34.uusittu painos. Multiprint Oy

Branch, A. 2006. Export practise and Management, fifth edition. Thomson learning 2006.

Wilson, John F. 1998. Carriage of goods by sea, third edition.

Documents

Reima general Packing instructions 2009

Interviews during 1.3.2009-20.2.2010

Alitalo Juha, Reima-Tutta LTD, Production Manager

Kaisla Katariina, Reima-Tutta LTD, Logistics Manager

Kivistö Katja, Reima-Tutta LTD, Purchase assistant

Kujanpää Aila, Reima-Tutta LTD, Export Secretary

Pihlajaniemi Sari, Reima-Tutta LTD, Domestic Invoicing

Mäkipää Sirpa, Reima-Tutta LTD, Production Secretary

Wu Jenny, Reima-Tutta LTD, Logistic Assistant

Shen Joana, Reima-Tutta LTD Head Representative

Internet

Reima limited [referred to on 02 Feb 2010] Available:
http://www.reima.fi/en/reima_group