

# Taming the Elephant

To envision your company's RFID implementation, first visualize how RFID can improve your company's business processes.

The best way to learn about the challenges of implementing radio frequency identification is to listen to people who have already faced them. In mid-April, more than 1,500 attendees had a chance to listen to a wide array of RFID developers, adopters and solution providers at the third annual RFID Journal LIVE! conference, and to learn from their experiences. The speakers' comments were reminiscent of the story of the blind men describing an elephant.

Individual experiences with RFID don't necessarily give good guidance about what it is and what it can do for you. Still, if you consider the range of opinions offered, you can begin to visualize not just what it is, but how it will help move your strategies ahead.

One common theme at the conference was that RFID technology had improved substantially in the preceding 12 months, with more and more companies adopting it to their advantage. Another theme was that, despite RFID's technological advances, it may be several years before its functionality and cost encourage widespread adoption. A third theme reconciles the potentially conflicting conclusions drawn from the first two themes, claiming that RFID is not a solution in and of itself, but rather a tool that will enable the replacement of today's business processes with ones that are more immediate, more precise and less redundant. This quantum shift in capabilities will trigger the development of new services and products. It will also streamline operations, but only for companies that redesign the way they work to exploit it. The key to visualizing what RFID can do for your company is to view it through the lens of business process change.

The imperative to create new business processes was raised by speaker after speaker, who encouraged executives to view RFID adoption as part of a strategic system change rather than as a stand-alone IT project. Tesco, the world's third largest retailer, has made a large-scale commitment to RFID. Tesco's CTO, John Clarke, said, "If you don't rethink how you work, don't bother implementing it." Alan Estevez, the leader of RFID adoption at the U.S. Department of Defense, said, "You need to work the business process. You can't just throw technology at the problem." Larry Shutzberg, VP and CIO of Rock-Tenn, a major packaging manufacturer, stated, "The business process issues surrounding RFID make the technological challenges look easy."

Clearly, RFID adoption is more than installing readers and tagging product, but how do you identify where it can make a contribution to your business? Marc Linster, CEO of Avicon, a company offering RFID software and consulting services, said, "Your business case is specific to your company and your strategy." He suggested looking beyond the typical operating-cost reductions that improve the income statement and consider applications to improve working capital. Mike Bargmann of the Wegmans supermarket chain reported that the company has found value in making changes in its receiving operations, independent of the technological advances. A major grocery manufacturer related that it was able to improve some internal processes simply because RFID provided the motivation to examine them.

A few practical exercises were offered to promote thinking within a company about value-adding process

changes made possible through RFID. Several speakers suggested assuming RFID was free. In such a case, they asked, what data would you collect, what would you do differently and what value would you extract? This exercise can bring to light the most attractive applications for your company and target your process improvement efforts toward your most strategic areas. A rhetorical question posed by one attendee was, "For every dollar spent on hardware, how many pennies should be spent reengineering business processes?" Successful RFID adopters will recognize that business process change is not the sideshow in the RFID circus—it is the main event in the technological tent.

Like the Internet and the Web, the commercialization of RFID creates an environment in which innovative companies prosper by making significant shifts in their business processes. Most of the products, services and applications to come are likely beyond our current imagination. The most effective way to exploit RFID's promise is first to educate yourself and your employees about its capabilities, and then to work together to visualize what you can do with it. That will help you improve what you do and how you do it. Viewing the RFID elephant through the lens of business process change will give you the full picture of its potential, so that you can begin to tame that elephant and put it to work on your unique business strategies.

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