

RFID could bring to supply chains a level of automation and control similar to what process control devices brought to manufacturing decades ago.

By Mark Roberti

July 18, 2005—A couple of weeks ago, I interviewed Steve Rehling, director of IT and head of RFID systems at [Procter & Gamble \(P&G\)](#), for a story that will be in the September/October issue of *RFID Journal* magazine. Steve mentioned that different retailers are likely to achieve different benefits from radio frequency identification because they manage their warehouses and supply chains differently. I asked him if RFID is likely to change that. Will RFID lead companies to adopt similar best practices, I posed? His answer was intriguing.

"Yes, [RFID] could create one way of managing warehouses," he told me. "We believe that introducing RFID at a conceptual level has similarities to the control systems introduced in manufacturing environments 20 or 30 years ago." He added that 20 years ago, manufacturers each had their own way of doing things, but the introduction of process control systems changed that. Steve said it's "startling" to see how similar manufacturing operations are today: "The same dynamic could occur with RFID in supply chains."



This gets to the heart of why I've been a big advocate of RFID technologies all along. I understand that it's a burden on manufacturers to have to put an expensive RFID tag or label on a case of shampoo today. I understand there is little return on investment in the short term. But companies that learn to use RFID effectively in their internal operations will introduce a level of control over their supply chains that was previously unimaginable.

Twenty years from now, RFID mandates will be long forgotten and companies will wonder what they did before there was RFID, just as today few people remember the complaints about [K-Mart](#) and [Wal-Mart](#) requiring suppliers to use bar codes. In my mind, a manufacturer's attitude toward RFID adoption is based on whether the company is looking two years out or 20. P&G and Gillette have both had a long-term view of RFID for many years. After all, it was these two forward-thinking manufacturers, along with the [Uniform Code Council](#) and [EAN International](#), that put up the initial funding for the Auto-ID Center (now known as the [Auto-ID Labs](#)).

When manufacturers began installing process control equipment in their manufacturing operations a couple of decades ago, they dealt with many of the issues that companies looking at RFID are dealing with today. The equipment costs were high. Some of the technology didn't work perfectly in the beginning, and changing business processes was a struggle. But manufacturers persevered because they understood they needed to gain more control over their operations. And they are far more efficient as a result. I recently toured an IBM silicon fabrication facility, and the entire facility can be run with a

few dozen people.

The challenge for companies is to have a long-term vision of where RFID can take them, while achieving short-term benefits. The latter is made more difficult by the need to comply with mandates, but many of the leaders are meeting those requirements and finding internal efficiencies. There's no reason why your company can't do the same.

Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below.