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Knowing the Unknown

On June 6, 2002, at a press conference held at the headquarters of the North Atlantic Treaty Organization, in Brussels, then U.S. Secretary of Defense Donald Rumsfeld said: "There are known knowns. There are things we know that we know. There are known unknowns. That is to say, there are things that we now know we don't know. But there are also unknown unknowns. There are things we do not know we don't

know.”

Rumsfeld was speaking about the absence of evidence linking the Iraqi government of Saddam Hussein with the supply of weapons of mass destruction to terrorist groups. But those words could have been spoken by almost any CEO, anywhere in the world, describing the operations of his or her company.



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The reality is, companies have a great deal of data about their operations, but they also know they don't have a lot of information about where finished goods, mobile equipment, reusable containers, vehicles and other assets are at any moment in time. They have been deploying radio frequency identification systems to make the known unknowns known (so to speak). Now, as our cover story shows, companies are discovering they can also use RFID to learn what they didn't know they didn't know, but need to know to sustain or advance their business (see RFID: The Key to Knowledge).

When American Apparel deployed an RFID system to better manage inventory in its stores, managers learned which items that were supposed to be on the store floor were not (known unknowns). The system also—unexpectedly—told the company which items customers found attractive but didn't buy after try-on, indicating possible problems with the cuts of the clothing (unknown unknowns).

Similarly, organizations that deployed RFID systems to improve warehouse management report the data revealed inefficiencies in their shipping and receiving processes. And hospitals have found that tracking assets not only reduced the amount of time health-care workers spend looking for medical equipment, but it enabled them to cut expenditures on purchase and rental equipment, an unexpected benefit.

Lack of visibility causes the European forestry industry to waste an estimated 25 million cubic meters of raw material every year, worth some €5 billion (\$6.6 billion). Now, as our Vertical Focus in this issue points out, timber companies are finding that data from tracking trees throughout the supply chain optimizes processes, reducing waste, and they can use the information to achieve other environmental and economic benefits as well (see RFID in the Forest).

Organizations that don't know how much energy—and money—they're wasting can find out with new radio frequency solutions designed to manage power consumption (see Product Developments). These wireless sensor networks also provide the data you need to control lighting, HVAC and other systems, reducing operating expenses significantly.

If you are just starting to explore how RFID can improve your business, remember: It will provide the information you know you need. But RFID's bigger value may come in delivering data you don't yet even know you need.



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