

Profit from your efficient warehouse

5 wins for warehouse management



**An Xpedition White Paper
for small and medium businesses**

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Summary

Is this your warehouse?

When a crystal ball would come in handy

If you're in a stockholding or distribution business, you'll be constantly looking for ways to make your warehouse work better. But it's not easy. It's hard to predict customer demand, especially with seasonal, weather, market, competitive and other factors constantly changing. Space in your warehouse is limited and you need to balance workforce costs with speed and efficiency of delivery.

All the fixes sounds expensive

There's lots of technology out there that could potentially help. But hardware like handheld scanners is costly. It's a big investment if you're not sure how much it will improve efficiency or whether you'll get a return through savings in other areas. Some of these systems are designed for global corporates with deep pockets and multi-billion revenues – they're neither affordable nor a good fit for small to medium (SMB) or specialist businesses.

You can't afford to make mistakes

But you still need to compete with these global firms and offer your customers the same level of responsiveness. You'll likely have new online and global rivals as well as traditional competitors. Consumers and commercial buyers have unprecedented choice, with manufacturers offering direct fulfilment and online retailers offering fast, cheap or free delivery or collection options for a huge range of goods. You need to offer an excellent fulfilment experience to make sure your loyal customers have no reason to be dissatisfied and look elsewhere, and to build and maintain a reputation that attracts new customers.

Affordable warehouse efficiency is possible

But how do you do it without investing beyond your means in state-of-the-art hardware, making promises you can't keep or expanding beyond your comfort zone?

Our years of experience working with SMBs in distribution have shown us effective and achievable ways to make your warehouse more efficient, using approaches and technology that are designed to match the current (and growing) scale of your operation and customer demand.

Read on to find out if any of our five warehousing efficiency wins could help your business offer better service and improve the bottom line.



The bottom line

What you stand to gain

Increased customer satisfaction

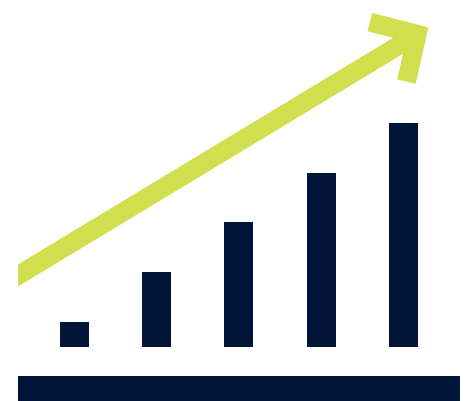
- More accurate picking
- Fewer out of stocks

Increased revenue and profit

- Fewer complaints to handle
- Lower wage bill with more efficient processes
- More repeat orders
- More recommendations and new clients

Business insight for growth

- Clear performance info makes staff more motivated and productive
- Accurate reporting shows opportunities to improve





Win #1 Get ROI from your technology

Not all solutions are the same. Some are designed for SMBs and priced with their budgets in mind. What's critical is that your investment delivers a return for your business.

Work out the payback

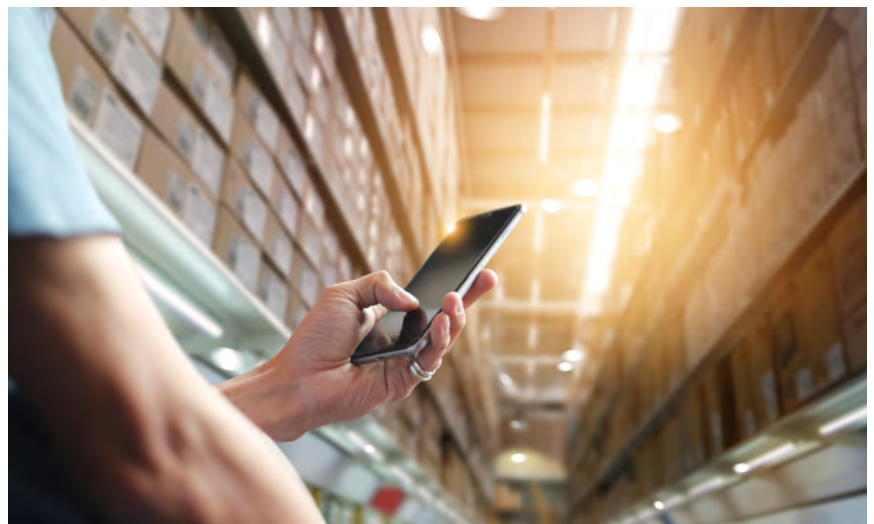
There is a cost, of course. The key thing is to understand what benefits the investment will bring you. A good service partner will help you assess what you stand to gain commercially, so you can make a business case with confidence.

The right system for your business can improve your by collecting and analysing accurate warehouse data that helps you define and implement the most effective processes for picking, putting away and managing stock in your warehouse. Wins #2 to #5 describe some tangible ways you could make this happen.

Find smart alternatives

Perhaps you've been put off by a sky-high quote for a state-of-the-art system including tens of thousands of pounds' worth of expensive hand-held scanners. Did you know that you can integrate cheaper tablets or mobile devices to provide scanning functionality? Perhaps you're worried that these kinds of fragile electronics are too easily lost or broken on the warehouse floor. Even without them, automatically generated paper pick lists can make your pickers more efficient in their working day and help them eradicate errors and mis-picks.

Not sure where to start? Talk to a service provider that knows your market and has a realistic understanding of solutions that will help your operation deliver what your current and future customers demand.



Win #2

Waste less time

Plot the shortest route

Warehouse technology systems can produce automated pick lists that reduce mistakes and help your pickers find the fastest route round the warehouse. That's greener, more efficient and better for customer satisfaction, as well as reducing employee frustration. Or you can create them manually using system data to identify optimised bin routes.

Using data from your system, you can identify the fastest moving products and make sure they're in the most convenient locations, because they're picked so often. For example, store high-volume items together near the front of the warehouse to cut down on travel time up and down the aisles. The system can tell you reliably which items are often sold together: it makes sense to locate them close together to reduce picking time.

If you use cross docking, use your warehouse technology to record the location so your staff can immediately find the stock from their pick sheet.

Tote picking (or wave picking, or trolley picking) means you can aggregate similar orders and save picking time by collecting the stock for several orders in one pass around the warehouse. Warehouse software can identify the best combinations of orders and generate tote pick lists. The picker will take longer to pass around the warehouse, but it saves a lot of time compared to making the trip for each of several orders individually.

Check before dispatch

Accurate picking is a big issue. If you don't want to issue hand-held scanners to every warehouse worker, a checking location can be a good alternative. It provides a duplicate check on picked orders that are ready to dispatch. Using a simple wedge scanner and a small PC with a screen in a fixed location, a staff member can verify that the order has been correctly picked in the right quantities, with nothing missing, before applying the carrier label or passing the order on to a dispatch team member. This double check can save a great deal of customer service time in handling customer complaints about inaccurate orders.

Make scanners count

Stock-taking is another time-consuming but vital activity in your warehouse, so you can make sure reality reflects your inventory records. There's room for a lot of human error in visual stock-taking, and mistakes can lead to expensive out of stocks or over-stocks. Hand-held scanners can be a useful option here. By purchasing just one or two scanners, reserved for stock-takes and transmitting data directly into your system you can improve accuracy and save time with a minimal investment. You can spot anomalies immediately from computerized reports and fix problems before they escalate.



Case study: A family-run business

Having worked on many wholesale and distribution projects, there is no greater feeling than learning about client savings made by implementing your solution.

After the successful implementation of this project, the warehouse manager confirmed an annual £40,000 saving in temporary staff costs alone. Being a seasonal business, the requirement for flexible staff levels were huge. By working closely with them and identifying the best method to tackle their order volumes and short lifetime stock, we were able to create a set of solutions to vastly increase their efficiency, whilst simultaneously improving accuracy too.

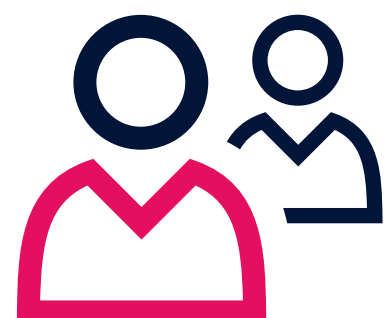
Being in the distribution sector and handling large order volumes through many different channels, the challenge was clear from day one. Witnessing pickers running up and down the aisles, confirming products going out by ticking off lines on a sheet of paper all felt very open to error. We agreed quickly on two basic principles: reduce the number of times the picker goes through the warehouse and digitise the packing process to improve accuracy.

To reduce the frequency of pickers travelling around the warehouse, we

opted for a tote picking process to be implemented. This, combined with some specific customer requirements, resulted in a batch of orders being consolidated onto a single “pick” - allowing a single picking to make one pass through the warehouse, but collecting 10 customer orders.

Once the picker completed the tote, we needed to tackle the issue of packing the goods. The only remaining decision was to select which scanning solution would work best in this instance. We reviewed using handheld scanners, having implemented these before for other clients, we were certain they would achieve the increased accuracy we desired. However, due to the large fluctuations in staff levels the cost of the devices alone ruled this out as a solution. We opted for a fixed scanning solution, similar to a supermarket checkout, where the station user selects one of the orders from the tote, scans each item into a box and confirms completion. This process ensured the correct products and quantities were going into the box, which in turn reduced customer services interactions and resource requirements.

Simplify your business with smart solutions





Win #3

Hold just what you need

Make your warehouse adaptable and responsive

You might have heard of the idea of a lean inventory approach in manufacturing. It's just as important in warehousing. The idea is to order and hold only the stock you need. Ideally, you reduce or eliminate safety stocks and try to get your suppliers to deliver smaller quantities more frequently.

This all relies on excellent and accurate knowledge of exactly what is in your warehouse and an ability to predict what will happen to demand. For that, you need historic data to see seasonal trends and you need to be able to account for new influences (like a consumer trend, a one-off calendar event, a promotion or the aftermath of a promotion) that may change order volumes. Most importantly, you need to be able to meet whatever demands your customers throw at you. If a buyer for one of your biggest clients brings you a major order, you need to be able to fulfil it, or you'll lose the business to a competitor.

Plan for demand fluctuations

Adapting fast is the key. For the many lines in your warehouse, it would be a slow and difficult task to manually adjust every one, every day. You'd always be behind the latest demand. But an ERP or WMS can help you react immediately. Demand forecasting functionality can predict fluctuations in sales and even adjust the re-ordering automatically to fit that demand.

Yes, there's an investment needed: the question is whether you can afford to lose customers' business if you decide against it. An effective system helps you avoid loss of revenue (and loss of customer goodwill) when out of stocks mean you can't fulfil all or part of an order. There's an indirect benefit here too, because minimising out of stocks will lessen customer contacts and queries, strengthening customer loyalty and satisfaction as well as reducing the resources you need in customer services.

You can also save money from your more efficient operation. Demand forecasting can avoid overstocks that you have to sell off at low prices, impacting profit and taking up space in your warehouse that could be better used for more in-demand products.



Win #4

Logistics integration

Customers want choice

Consumers and business customers alike are used to shopping online and finding a range of shipping options to suit their budget and the urgency of their requirement. Can you offer them the same choice, for maximum convenience and to compete with global or virtual rivals?

You can integrate your warehouse technology system directly with logistics providers' systems. Shipping services like FedEx, UPS, USPS and Freight on Board (FOB) are just some of the in-demand solutions on the market today.

Take control of your shipping providers

Customers expect a seamless process. When they order from you, they want to choose the best shipping option for them and to receive confirmation and tracking notifications from a reliable service provider. Integrating directly with their systems means you can keep track of this and make sure that your delivery partners are meeting service levels.

If reports show that some are not up to scratch, you can provide clear and factual feedback and make a change if necessary. The more shipping providers you have, the more options you have if there's a problem with one of them.

Customer satisfaction right to their door

Shipping is one of the most notorious areas for customer complaint. Dissatisfaction can escalate rapidly. The problem is that customers don't see your shipping provider as a separate entity from your business. To them, it's all part of their order and part of the service that you're providing, whatever the logo on the delivery van. So it's better to integrate your systems, then you can see exactly what's happening and intervene if there's a problem, rather than passing the buck to the carrier and risking losing a customer.



Win #5

Motivate your team

It's your people who make efficiency happen

Your warehouse operation depends on the efficiency of your staff, from maintenance and goods inwards to the picking teams. Helping them work efficiently and avoid wasted time and effort is a powerful motivator.

Technology tools and features like tote picking, optimised bin routes, managing out of stocks and cross docking locations and providing clear pick lists are all beneficial to your staff in making their working day more satisfying and productive, as well as boosting your business' bottom line.

With an ERP or warehouse solution you can go a step further and share targets and performance with your teams. Yes, you can use this to make sure everyone's pulling their weight and to identify training or re-skilling needs. But you can also motivate and engage them by sharing performance data that shows them when they're achieving highly and how their speed and accuracy of work affects customer service calls, satisfaction ratings or levels of repeat business.

Recognise and reward efficient work

A performance screen in the warehouse showing key operational statistics and how the team is doing in real time can be a big motivator and help teams to understand why it's important to follow processes.

You could offer weekly or monthly bonus or reward schemes for meeting or exceeding targets, either individually or as a team. Because analytics software captures performance data automatically and continuously, it's trusted and fair. You can look at management reports generated from the system to see what needs to improve and incentivise your team accordingly.

By engaging your team with performance data, you may even receive useful suggestions about how to improve processes and protocols to make your warehouse even more efficient.



Interested?

Find out more

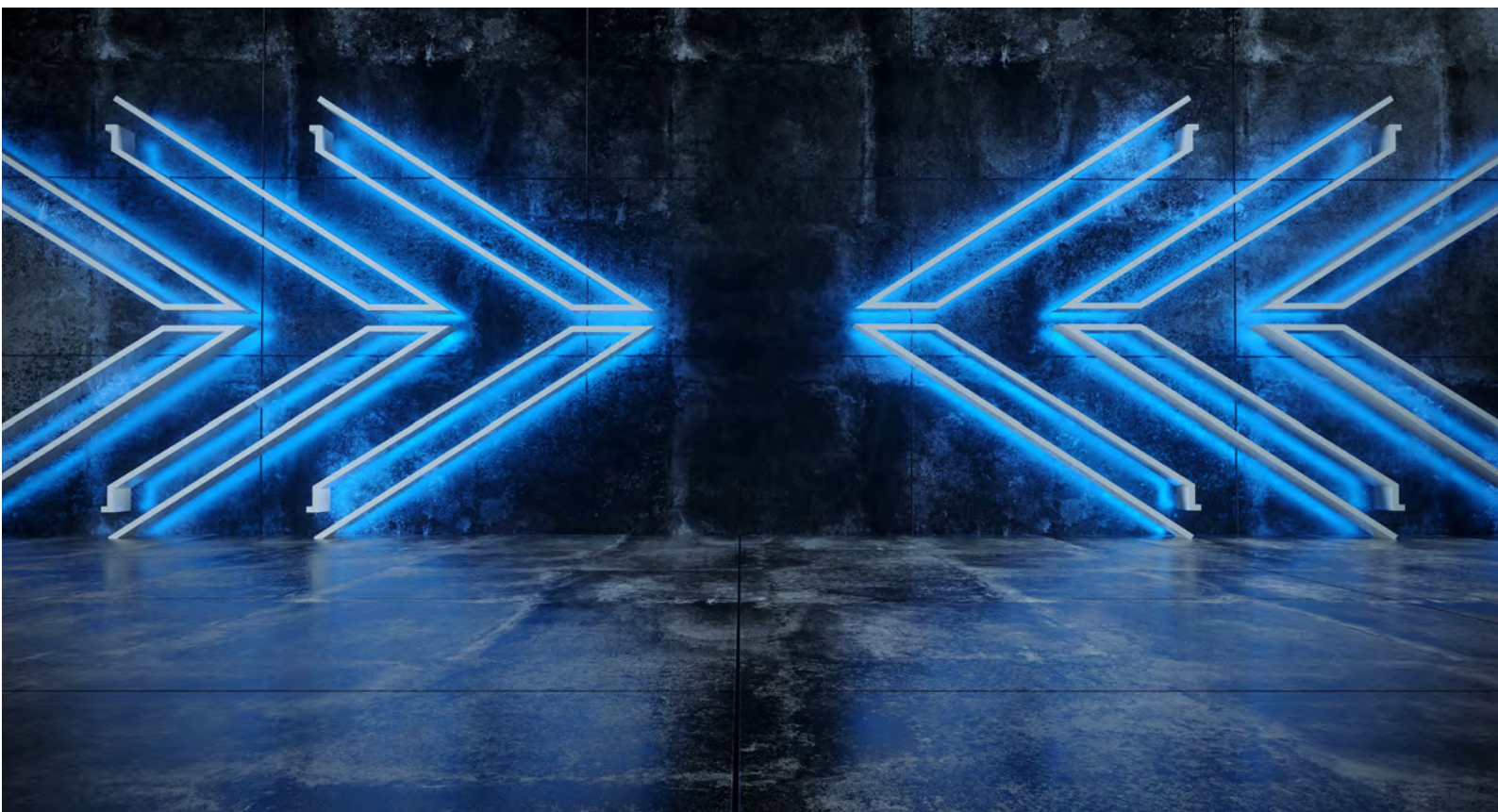
For SMBs, warehouse technology investment is a big decision. But tougher competition and ever higher customer expectations mean it's something you need to consider carefully.

Making a business case is key. What are the benefits you can expect and how will they help your business grow and profit through better customer satisfaction, retention and acquisition as well as efficiency savings?

Technology has evolved to connect systems and data around your warehouse and business... and even link in with your business customers' company systems. It can help optimise efficiency and accuracy and make it easier to meet changing customer demands. If you would like a no obligation discussion about your particular warehouse set-up and how this could work for you, please get in touch.

We have years of experience working with wholesale and distribution and we speak your language. Together, we can talk through the options, the challenges, what you stand to gain by adopting responsive, enabling technology... and what you stand to lose if you don't.

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At Xpedition we guide your path to growth, through the implementation of intelligent cloud based business applications. We help our clients to understand how technology can empower their business in real terms, and we deliver.

Working in a fast paced distribution or logistics business has its challenges. Balancing optimal stock levels, maximising warehouse operations and efficiently despatching products are all concerns we understand and see amongst our clients.

With over a decade of experience in the industry, we are known as a trusted advisor to ambitious organisations and deliver real business value through expert consultancy.

We understand your industry. Our experts are passionate about sharing their knowledge, revitalising client experiences and improving operational efficiency. At Xpedition, we'll show you the way.

Learn more about Xpedition, visit:

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