

20 Warehouse & Distribution Center Best Practices for Your Supply Chain

Establishing and implementing best practices is the first step to reducing costs and time wasted in your warehouse or distribution center. We picked the brains of our supply chain engineers to find ways to improve warehouse and distribution center efficiency to help you get started.

Price Matters, but at What Cost?

1. Set up a Vendor Compliance Program

Streamline for the Bottom Line

A vendor compliance program is an incredibly effective way to enhance the strategic relationship between a business, its vendors and 3PL warehousing and distribution providers. A well-thought-out compliance program can streamline warehouse operations, reduce product handling, improve transportation service times and, ultimately, increase customer satisfaction.

Integrating common product identification and tracking processes all the way upstream to offshore or domestic vendors will help ensure proper visibility and the seamless movement of product through the supply chain. Enforcing clear and specific labeling requirements and standard case quantities for each shipment and individual item can go a long way toward making warehouse and distribution center operations more efficient. As with many optimization steps, small efficiencies add up over time and make a huge difference in your bottom line.

Note: Businesses that run their supply chains effectively incentivize all parties involved to contribute to a more efficient supply chain rather than just punish them for non-compliance.

2. Increase Productivity With Workplace Incentives

Savor the Fruits of Your Labor

Everyone likes to be recognized for their hard work — so much so that 78% of employees report that they would work harder if they were better recognized for their efforts. Considering the amount of manpower needed to operate warehouses and distribution centers, workplace incentives present a valuable opportunity to motivate employees and thereby increase productivity and boost the bottom line. From annual bonuses to employee referral programs to company-hosted celebrations, there are any number of ways to better incentivize your workforce and improve labor efficiency.

3. Establish Advanced Shipping Notification

Don't Guess – Know

This one might seem like a no-brainer, but many distribution center still haven't implemented electronically transmitted advanced shipping notifications. Relying on regular shipping and receiving schedules isn't always a safe option — delays and disruptions are a fact of life and can cause deviations in those schedules and issues throughout the warehouse. By leveraging

electronic advanced shipping notifications within purchase order and inventory management functions, it's possible to plan labor with greater certainty. Order fulfillment and transportation can be adjusted to ensure that proper service time requirements are met, and that transport modes are optimized to keep costs down.

4. Take Advantage of Automatic Data Collection Technology

Eliminate Errors With Automation

Automatic data collection has advanced significantly in the past decade — far from the days of writing down long numbers by hand or even keying them into a keyboard, most warehouses and distribution centers now run RF barcode and RFID systems that eliminate human error from the tracking process. Any step that can be automated means one fewer step to manage — plus, automation enables you to collect more timely and accurate data to make smarter supply chain decisions.

5. Measure Everything

Capture and Manage Critical KPIs

There's a saying in business that you can't manage what you don't measure; the same is true for warehouses and distribution centers. Warehouse managers should track key performance indicators such as inventory turnover, inventory accuracy, fill rate, demand forecast and more to pinpoint inefficiencies. Warehouse managers should also use metrics to define performance goals and share that information with employees so they have a clear understanding of what they need to work toward. Putting specific measures in place and providing employees with consistent feedback is a surefire way to increase productivity and eliminate supply chain inefficiencies.

6. Use a Hands-Free Order Selection Process

Expedite Selection

New technologies such as wrist-mounted RF units, voice pick and pick- or put-to-light order fulfillment systems go far beyond handheld scanners in terms of accelerating the picking process. Wearable device technology, such as Google Glass, has also made the tracking portion of the picking and order selection process more intuitive.

7. Invest in a Warehouse Management System

Optimize Warehouse Performance

Investing in a warehouse management system (WMS) is a simple, but effective way to increase warehouse and distribution center efficiency. A WMS can increase inventory visibility, reduce risk of demand volatility, strategically organize execution systems, integrate systems and workflows and more to ensure peak warehouse and distribution center performance. With cloud-based and SaaS options available, there's a WMS for every business and every warehouse.

8. Give Voice-Enabled Technology a Try

Hands-Free Communication

Pick to voice warehouse systems have become popular in recent years for their ability to improve picking accuracy. With voice picking, an employee on the warehouse floor wears a headset through which they receive picking instructions from the company's WMS; this frees the employee from having to refer to paperwork or other materials and enables them to concentrate on the task at hand, improving picking accuracy and speed.

9. Preplan Picking Waves

Plan Ahead

Rather than send pickers on the basis of order sequence, a Tier 1 WMS uses technology to plan picking waves according to the most efficient routes. This streamlines the picking process, which results in faster turnaround times on orders and more efficient use of labor and manpower.

10. Implement Lean Warehouse Management

Eliminate Warehouse Waste

There are eight forms of warehouse and distribution center waste:

- Overproduction
- Over-processing
- Excess inventory
- Defective goods
- Conveyance
- Motion
- Knowledge
- Waiting

Each of these has the potential to create inefficiencies and therefore must be closely monitored. Many warehouses and distribution centers have taken up the practice of lean warehouse management in order to identify and eliminate non-valued-added components and other inefficiencies from their supply chain. For example, a company looking to implement lean warehouse management might consider storing materials in a way that reduces the unnecessary transportation of supplies or standardizing workflows to reduce order processing time.

11. Record Every Moment as a Transaction

Always be Optimizing

Any movement or step in the process that can't be tracked or recorded as a transaction is either an unnecessary step that should be eliminated or something that should be added to a "fix it" list. All turnbacks — that is, anything that causes a deviation from the established system — should be reported so that issues can be identified, and solutions can be found to make the overall process more efficient.

12. Invest in Comprehensive Training

Set Employees up for Success

Technology is only as effective as the people using it. If warehouse and distribution center employees are unfamiliar with their company's WMS or other assorted warehouse systems, they won't be able to utilize them for best results. Business leaders should invest in comprehensive training that uses creative solutions such as gamification and rewards systems to incentivize employee learning and that prioritizes innovation and efficiency. To ensure the efficacy of existing training modules and course materials, run pilot programs and solicit feedback from trainers and trainees alike.

13. Keep Multiple Lines of Communication Open

Communicate More Effectively

The key to an efficient supply chain is good communication, which is why it's vital that warehouse managers provide all necessary information about each pick ticket or shipment to warehouse and distribution center employees. By using multiple channels of communication, such as phone calls and text messages, standardizing messages, soliciting regular feedback and designating a point person to respond to employees' questions, warehouse managers can ensure more consistent and effective communication.

14. Minimize Touches

Work Less, Do More

Picking directly to a shipping carton instead of an intermediate bin or tote is one way to eliminate unnecessary steps in the distribution center process. When superfluous steps are eliminated, the process becomes leaner and faster, customer relations soar and bottom lines improve. Finding ways to improve your warehouse systems is a key step to cutting costs in your distribution center.

15. Schedule Simultaneous Shipments

More Multitasking

Warehouses with multiple dock setups have an opportunity to streamline labor offloading by scheduling shipments to arrive simultaneously. This prevents separate setup and breakdowns at loading docks and consolidates the labor and time necessary to load and unload shipments. Working with vendors to ensure that deliveries are scheduled precisely and establishing clear

metrics and a high-performance culture all contribute to an expectation of timeliness that results in overall increased efficiency.

16. Organize Inventory More Efficiently

Everything in its Place

A truly efficient warehouse should run like a well-oiled machine — and in order for that to happen, inventory should be organized in a way that makes it easy for warehouse and distribution center employees to locate items and is conducive to overall workflow.

To improve inventory organization, consider doing the following:

- Re-evaluating your warehouse layout design to account for flow, accessibility and space
- Clearly labeling aisles, racks, work areas, individual items and safety hazards
- Using ABC analysis, with “A” being top-selling items, “B” being mid-range items and “C” being the rest of your inventory, so that high-velocity items are easily accessible
- Grouping like items to streamline picking and packing
- Storing inventory on vertical racks, thereby leaving more room for forklifts to maneuver through aisles
- Conducting periodic audits and reviews to ensure that inventory organization remains as efficient as possible, even amid changes to warehouse operations

17. Practice Ongoing Cycle Count

Simplify With Samples

Implementing an ongoing cycle count program in lieu of a regular full physical inventory is another great way to reduce time and costs substantially. A regular full physical inventory could halt operations or cause disruption in your warehouse. By comparison, an ongoing cycle count program that samples various subsets of inventory is a more effective way to gauge inventory accuracy with minimal disruption. Focusing on the high-demand shipments will also ensure that crucial items are consistently replenished.

18. Use Cross-Docking

Remove the Middle Man

Although it requires a significant investment to set up, cross-docking more than pays for itself in terms of time and money saved in larger distribution centers. With cross-docking, products can be loaded from one transportation container to another, completely bypassing warehousing and storage by sorting products in a staging area before reloading them directly onto the next truck. Cross docking works well in fast moving retail supply chains to optimize the flow of goods between large distribution centers and store locations.

19. Implement Dynamic Slotting

Arrange Smarter

Slotting your warehouse based on demand is an incredibly effective way to increase distribution center efficiency. According to Tony Tyler, president and CEO of eF3 Systems, “Slotting choices should be performed dynamically rather than as a batch process. To do this, you need to place the picks by product in one or more ‘look ahead’ scheduled cycles or waves, usually to match the transportation schedule and transit times.”

20. Consistently Re-Evaluate

Continuously Improve for the Future

Warehouses and distribution centers are in a constant state of flux, from the items they have in stock to their inventory layouts, so it only makes sense to review processes and procedures based on performance metrics to evaluate their efficiency. Create a dedicated evaluation schedule in order to remain consistent and, if changes need to be made, use this list of best practices as a guideline for future improvements.

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These 20 basic warehouse and distribution center best practices can help drive efficiency but they’re by no means a comprehensive list. Every business has its own supply chain needs. Supply chain engineering experts who live and breathe warehouse and distribution center optimization and build custom solutions for today’s businesses can turn your supply chain into a competitive advantage. If you’d like to talk to one of our experienced supply chain engineers about your needs, please contact us today.