Doing more with less

When sales decreased to the lowest levels in decades to the so-called “new normal,” most distributors reduced warehouse staffing and inventory levels.

Today, inventory levels have crept up but warehouse staffing levels remain historically low. At some distributors, lower warehouse staffing continues to result in mistakes that are costly to correct. These mistakes anger customers and worse, sometimes result in the loss of sales and customers.

Few distributors want to spend a lot of money to prevent mistakes, but it doesn’t take a lot of cash to adjust to the new normal. Here are some adjustment tips.

Warehouse environment

Clichés that still matter: “Cleanliness is next to godliness” and “A place for everything and everything in its place.” A messy, disorganized warehouse encourages warehouse employees to be messy and disorganized, which results in costly mistakes and lower productivity.

Have you adjusted your warehouse to the new normal?

In this new normal, there should be free time to keep a warehouse clean and organized. Once a month after everyone has left the building, the warehouse manager should walk through with a clipboard and note litter and debris not cleaned up, items stored in a messy fashion, received items on the floor that should have already been put away, items pulled for delivery but not stored in designated staging areas, etc. Talk with subordinates about using that free time to straighten up and prevent future problems.

Storage pattern

The way items are stored can have a major impact on warehouse productivity (cost) and accuracy (customer service and cost). With rare exceptions, no one storage pattern can result in high productivity, high storage density and a low rate of mistakes. It’s a tradeoff. The pattern(s) that was/were right for the boom times may no longer be right for the new normal. Based on the recent history of item velocities and an estimate of future velocities, determine if the current storage pattern(s) is (are) the right one (ones) for making the tradeoff. Before moving items to new storage locations, project resulting savings of effort over a few years and then determine if those savings justify the effort it would take to move the items to new storage locations.

Receiving

Mistakes made here flow downstream and often are not detected until items are packed or loaded; sometimes not until customers receive the wrong items/quantities. In every warehouse, receiving personnel proof packing list data against the corresponding purchase order data; but not all distributors check the physical receipt against the PO data.
Living with the new normal does not mean warehouse performance has to be less than customers expect.

unless data on the vendor’s packing list differs from the PO data. This mistake can result in customers not getting the quantities they ordered, or not getting the items at all. In the new normal, vendors also have reduced staffs and are making more shipping mistakes. The warehouse manager should inform the receiving staff not to hesitate to open shrink-wrap and count what has actually been received. Do a spot check if time does not allow for a 100% check.

Put-away

Though warehouse employment has not increased since the meltdown because warehouse workers have voluntarily left their employers, some distributors have hired replacements. Typically, inexperienced and less-expensive people have been hired, causing additional warehouse problems. As with the receiving aspect, mistakes made during put-away flow downstream, etc. The most frequent mistake is failing to “quickly” put away items. One result is many computer systems show items/quantities are available to pick, but when a picker goes to pick, there isn’t enough, if any. Also, the picker may not know how to use a terminal, or have the time to use one, to determine if there was a recent receipt that has not been put away. One way to minimize this problem is to get your computer system to highlight (on a list or display) those items for which customers are waiting, or for which the quantity on hand is below the reorder point or minimum.

Picking

At distributors where the computer system allocates inventory to specific customer orders, a frequent mistake made by pickers – especially new ones – is ignoring the computer-determined “quantity to pick,” and instead picking the quantity ordered. Whenever the warehouse manager briefs pickers about other issues, he/she should remind them to pick only the quantity shown to pick.

Another reason for picking (and other kinds of) mistakes and for lower picking productivity is unknowledgeable pickers – people who do not recognize they are picking the wrong items/quantity. Take the time to educate new personnel about the items you stock.

Packing

The most frequent type of mistake made during packing – especially when a truck is waiting for an order – is assuming the quantities being packed/staged are the same as those shown on the corresponding pick ticket or packing list. Compounding that mistake is the use of pickers to do the packing, which low-level staffing often necessitates. Whenever your warehouse manager briefs packing personnel about other issues, remind him/her that before packers shrink-wrap or load, they should count the quantities being packed/staged and verify them against the packing list (or pick ticket if a packing list is not involved). If time and staging patterns preclude a 100% check, do a spot check.

Loading & shipping/delivering

Even when thorough counting is done during packing, a frequent mistake – especially when a truck is waiting due to a smaller warehouse crew – is failing to verify every item on each order has been loaded and on the designated truck. If time is available, the warehouse manager should ensure item-level verification is done for each order and done on the truck that will deliver the order being verified. If time is tight, spot-check trucks and orders.

Counting

The most frequent mistake isn’t made during counting, but when discrepancies are discovered. A thorough investigation of discrepancies is too often not made before changing quantity data in the system. Before any on-hand quantity is changed, someone other than the counter should first examine the inventory transaction history and sales history of each discrepant item. Perhaps the data will provide a clue about a discrepancy. If needed, look in warehouse areas for missing items. Any adjustments to data should be made only by personnel extremely experienced in using the system to make such changes.

Warehouse management

One way to attack the problems described above is for the warehouse manager to hold a weekly meeting to discuss the prior week’s warehouse mistakes, determine the cause(s), and define preventive measures that will result in happier customers and lower warehouse operating costs. This should be in addition to the on-the-spot reminders mentioned above. Encourage personnel to describe problems and suggest solutions.

Living with the new normal does not mean warehouse performance has to be less than customers expect. Most of the recommendations in this article can be quickly implemented and cost nothing.

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