

Warehouse Coach

Improving warehouse performance

Improving Labor Utilization

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The first topic that comes up in a discussion of operations is almost always productivity, and often the focus becomes how to get the material handling staff to work harder. Occasionally, we can move the focus to the benefits of work simplification, including how to combine or eliminate tasks, or working smarter, so that more can be done with less effort. However, the objective is almost always focused on the worker. And while there is a great deal that can be done in this area, in every distribution center, there is another powerful approach that is usually overlooked. In my experience, the easiest and first way to improve labor productivity is to look at the way the work is supervised or managed. And the place to start with is through planning, both tasks and processes.

There are three elements to this approach to improve labor utilization. They can be implemented in every distribution center, are easy to see and be implemented as quickly as tomorrow. The first element is to identify the workload cycles in your operation. That is, in every warehouse and distribution center there are regular, predictable fluctuations in the work load. The fluctuation may be by hour through the day, or day in the week or certain days in the month; there are always predictable peaks and valleys in workload. These fluctuations are usually as a result of production planning or customer order patterns outside of your control.

The second element is to recognize that you, like every other manager, want to maintain a constant level of staffing, and use a limited amount of overtime to deal with peak requirements. The consequence of this strategy is that there are times when your workload is less than the staffing level.

And the third element is to acknowledge that there are many important tasks in your operation that should be done every day and yet often are handled only when they become so big a problem that they cannot be ignored any longer, e.g., cycle counting, pick position replenishment, stocking packing station supplies, returns processing, sweeping the floors, cleaning up the data in the computer, reslotting pick positions, etc. Often these tasks are postponed because they are thought to be not important because they do not directly contribute to daily shipping or sales or the benefits would be small for the effort required. And while that this point of view is partially correct, if these tasks are not done in a timely way, the results can be disastrous.

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My recommendation is that tomorrow you begin to improve the productivity of your work force by identifying the operations support tasks you identified that could be part of a regular schedule. Then develop a program for assigning people to perform a portion of these tasks every week, during the normally slow hours or days in your next regular schedule. Rather than continue to put these tasks off until they become problems, or bring in someone else to take care of this work every few months or so, or to make big projects out of them once a year, that you begin to accomplish small amounts of them every week with your regular staff. I have seen managers schedule these support tasks for slow times on Thursday morning every week, or from 7:00 to 8:00 every morning, or on the 1st and 2nd and 16th and 17th of each month, during the predictability low portion of the order demand.

Implementation of this change will bring two benefits to your operation at no additional cost.

1. You will pay less to have selected maintenance tasks performed, by getting a better use of your existing staff; and
2. By keeping more current on the performance of these maintenance tasks, the regular work will be more productive.

I expect that you will discover some resistance to implementing this change, in yourself and from the people that work for you, so you will need to monitor performance closely at first. Change is always challenging. You will see a difference in performance quality, productivity and perhaps in other ways you may not have expected.

Try this change for a month and let me know what happened, particularly the surprises. You can reach me at Don@warehousecoach.com or call me at 1-503-296-7249.