

Warehouse Coach

Improving warehouse performance

Points of View and Options

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I find that there is often more than one approach or solution available to most any problem in a warehouse, and taking the time to examine a few of these alternatives can be very useful, because every point of view is at least partially correct because there are usually more than one set of criteria for selection. Some of the criteria are obvious and some are not. For example, let's consider the problem that you have run out of storage capacity in your warehouse. Here are 7 different and valid alternatives to deal with a crowded warehouse.

An architect or general contractor will approach this problem based on their job responsibilities, training and primary skill set, to suggest building an addition to your existing warehouse or a new facility. Clearly, having a larger building can alleviate the problem, and potentially provide space for additional inventory to support future business expansion.

A Real Estate Broker will also interpret this situation as a need for additional space and present recommendations to buy or rent additional space or a new facility.

A materials handling equipment sales person will offer a solution based on the products that they represent. Their suggestions might include improving the storage capacity of your existing warehouse with options such as push-back-rack, narrow aisle layout and forklifts, mezzanines, Automatic Storage and Retrieval (AS/R) systems, and other equipment depending on what is in their catalog.

Your Chief Financial Officer will be focused on the bottom line. She or he may change the inventory turns guidelines or open-to-buy financial constraints to guide purchase decisions including a solution that minimizes costs. As they get a better understanding of the problem, they may also offer options such as aggressively disposing of obsolete merchandise, moving non-inventory items to another location, etc.

Your Sales management, when presented with a full warehouse situation, may suggest obtain a larger warehouse, or organizing a sale. Having inventory on-hand is one measure of service level that they may want to present to their customers, so to them a large full warehouse can appear to be a good thing, and reduced prices can temporarily make the sales process easier.

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Your Purchasing staff will have their opinion as well. They are always looking for new items and often larger amounts of existing items to improve the fill rate, and often to take advantage of discounts for larger purchases or early purchases for seasonal items. So for them, the answer is that a full warehouse could be a challenge, because there may not be space for the next “good deal”. Generally Purchasing pays attention to first cost only, and accounting systems seldom allocate carrying costs, including cost of additional space, reduced productivity due to crowding to the individual SKUs, etc.

Your IT department may find this as a great opportunity to justify the purchase of a new and improved Warehouse Management System that can direct a better utilization of your existing space.

And, your Boss wants results, **now!** Typically the only time we pay attention to storage capacity is when the warehouse is crowded, and low efficiency results in late shipping, poor quality orders, customer complaints, accidents, and other problems. But his or her way of dealing with these issues often is for the warehouse staff to work harder, perhaps with more overtime and higher motivation. Investments are often the last option to be considered.

All these approaches and rationales are valid. Notice some are based on the narrow view of the person making the suggestion. Some are short term and others long term solutions. Your challenge is to consider all these points of view (and perhaps others not described here), understand what is best for the company, and select the best solution and sell it to your boss. Each of us has the capacity to grow in our ability to see a problem from a wider perspective, taking into consideration the short and long term costs and advantages and the complexity that goes with them.

If you are noticing the challenge of choosing from options in your process, and would like to work with someone as your decisions become more complex and difficult, send a note and let’s talk about your issue, your approach and what solutions will best serve you and your company. You can reach me at Don@warehousecoach.com, or call me at 1-503-296-7249.