

Warehouse Coach

Improving warehouse performance

Unit-of-Measure

By Don Benson – www.warehousecoach.com

Some companies experience significant problems in shipping order quality and inventory control. There are a variety of elements that can contribute to these problems. One of the dominate reasons is because of the inconsistency in the item/SKU unit-of-measure throughout the company. For example, the item or SKU might be purchased by cases, sold in eachs, and picked and shipped by each, case and pallet. And none (or some) of the systems that support the internal process of inventory management (catalog, order entry, pick documents, etc.) are not in sync with each other.

At a company I recently visited, items were offered for sale in the catalog in a minimum quantity of 24, but Buying purchased them loose, in cases of 1000. The Order Picking Supervisor was consistently pressured to improve productivity and quality, and received orders every day that required picking 24, 48, 192, or more of this item. You can imagine the picker sitting on the floor, correctly counting out 192 pieces. In this situation we initially established a process of repacking the merchandise into bags of 24 as a part of the receiving, put-away process. Of course, after a while it became clear how much time and money was spent bagging these high demand SKUs and after some pressure they were able to get the Buyer to start purchasing them in bags of 24.

At another company, inventory accuracy was poor for SKU that was offered for sale as a single piece or in packs of 3, were purchased and stocked in the warehouse in cases of 24 containing 6 inner-packs of 3 each, and order picking for any less than case amount was directed to a single location. We had a challenge to develop a process that would allow improved picking quality. And after an analysis of order characteristics, they decided to sell in packs of 3 only and after changing their catalogs and order entry systems they were able to achieve their order and inventory accuracy goal for this SKU. This is another situation where the performance of the warehouse is directly related to elements outside of the control of the warehouse.

Maintaining a consistent unit-of-measure can be an ongoing challenge in companies that are adding items to their inventory every day, where there is no single person responsible for ensuring that the information is both logical and consistent across all systems in the business.

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I recommend that you regularly review the data for the items in your warehouse to verify that the unit of measure for the buying, stocking, in your computer system, and catalog for SKUs is logical and consistent. While initially this can be a tedious task that can also lead to errors, you can make it easier by looking at only a portion of the SKUs (perhaps 20) supplemented with the new SKUs every day or noticing which SKUs seem to have more order errors than the average. You may find some initial resistance to implementing a consistent unit-of-measure. And, the change will improve operations productivity, order quality, inventory accuracy, and company profit.

If you would like to talk about continuous improvement for your operation, please contact me at coach@warehousecoach.com, or call me at 1-503-296-7249.