Ten Easy Steps to Increase the Efficiency of Your Warehouse
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Having grown up in a construction supply house, I spent countless hours observing the good, the bad and the ugly of warehouse management. I am probably the only person you have ever met who has vacuumed warehouse shelves. Seasonal changes and the erratic demand of the contracting business make maintaining the warehouse a never ending battle. Here are a few tips that I have found useful over the years.

Clean the Place

It is amazing what you will find in the warehouse when you just clean it on a weekly basis. Mystery inventory such as: returned goods, damaged goods and special buy outs won't have any place to hide. Beyond the ability to move more quickly in the facility, your team will begin to develop a greater sense of pride in their workplace. Remember, this is the place where all your cash is stored. We want to develop a team that protects your cash from the outside threats – salespeople, truck drivers, and manufacturer reps.

Give the Warehouse Personnel an Identity

These are the folks who work with your cash all day. Give them shirts that say "Vault Security Team" or "Vault Management Team". This does a couple of things. First, it reminds them that inventory has value. Second, it helps identify those people who belong in the warehouse. A key element in keeping a secure warehouse is to eliminate those folks who have no business in there.

Increase the Size of the Receiving Area

When most people are designing their warehouse, they tend to cram as many racks of inventory into the possible space. As an afterthought, they usually carve out enough room for a little desk by the dock door, run a terminal to it and call it the receiving department. Here is the problem. Most inventory errors start in receiving. If you make a mistake here, 10 additional problems will occur in the company. Start by giving them adequate room to work. You will see your inventory adjustments decrease immediately.

Put Senior People in Receiving

Why do we always put rookies in receiving? As I mentioned earlier, mistakes in receiving cause multiple headaches down the line. We need to make sure that we get it right coming in the door. Pay your receiving clerks well. Encourage them to stay in this

position. Remember you will always have more product coming IN than going out. Receiving is your one place to get it right the first time so you do not have to redo orders later because of receiving errors.

Create Signage in the Warehouse

Don't assume that your newer employees can navigate your aisles. Help them out. Create colorful signs to direct them to aisles or bins. Warehouse maps are a great way to increase productivity immediately. Clearly label landmarks. Try this exercise. Ask a friend to come into your warehouse and pick an order. If your warehouse is set up correctly, they should achieve a high success rate without asking questions on every line. It needs to be that easy.

Add Lines of Description to Pick Tickets

Most item databases will allow you to add multiple lines of description to any SKU in the system. Use them. Increase the order picker's chance of pulling the right product. Put in physical descriptions like "the blue one" or "two wheel". This is very critical when you are talking about minimum quantities. Let them know that an "each" is always the pair in the pack, not one of the two. This simple suggestion will help you eliminate future dead stock. Don't worry about killing a few extra trees. They grow back.

Double Check Orders Before They Go Out the Door

A really bad motto in a distribution company is "We fix our mistakes faster than anyone else in the business." For the typical distributor, the cost to process an order is around $45. It costs an additional $100 to send it out the second time. None of us have enough margin to absorb this cost on a regular basis. In order to get it right the first time, install a method of double checking by one of your seasoned veterans. This is especially important if you have several new people picking orders.

Create Color Coded Delivery Labels

In order to make it easier for your delivery folks, develop a custom colored label for your most valuable customers. Make sure that every package you deliver to them has that label. Your drivers will be able to quickly identify their orders. You don't want to make mistakes on these orders.

Implement a Days Work in a Day Discipline

This concept simply states, "What is started today, must be completed today". If you receive it, it must be put away. If an order is put in the system and a pick ticket printed, it must be picked and shipped or staged. In order to make this happen, we need to create cut off times. Order processing must end at a defined time. We need to give the warehouse a chance to finish off the day.

Implement Cycle Counting

Most of us know what it is. Some of us recognize the benefits. Few of us have made it part of our standard operating procedures. Cycle counting will increase the accuracy in your systems. By examining the inventory daily, you will find those mystery items that have found their way to the shelves. You can correct items that have been put in the wrong place. You can rotate stock. The list can go on indefinitely. Cycle counting is penicillin for distributors because it attacks so many little problems and solves them on a timely basis.

Good customer service begins in the warehouse. Sloppy procedures, and a disorganized warehouse show much further than the confines of your four walls.

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