



What Every Warehouse Manager Needs to Know

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I have been a member of the social networking site Linked In for a few years. In the last 18 months, there seems to be a new rush to get involved. Unfortunately, Linked In has become inundated with job postings and event solicitations – not that I haven't slid down that route myself if truth be told. I am simply suggesting that it is difficult to find meaningful discussion as you navigate the gauntlet of self promotion. About 6 months ago, I ran across a particularly interesting query in one of the groups I belong to – *Top 10 FAQ: What are some basic questions warehouse managers ask?*

The gentleman who posted the query, Simon Walker of Raymond Handling Solutions, was genuinely trying to get better insight into the concerns of his customers. It was one of the more successful posts I have seen due to the sheer volume of response from members of the group. It was like warehouse managers were waiting for the opportunity to talk about their vocation. Although Simon and I were approaching the information from different perspectives, we both agreed that this would make a great business article.

Rather than hit each topic in depth, I have decided to give you the most frequently mentioned areas for further self study. This article is designed to help you focus attention on the most popular concerns so that training and education can be designed. Being a consultant in this field, I will be hard pressed not to climb up on to my soapbox. Hopefully, I can contain my thoughts to a couple of comments for each.

Warehouse Safety and OSHA

This topic was the clear frontrunner in the group of comments. Loss of personnel hours due to unsafe working conditions has to be top of mind for the warehouse manager. Look at equipment training programs and using the right tool for the job. How many times have you seen someone ride the forks up to grab something from a high elevation? Watch for elevation changes, such as mezzanines and ramps and uneven flooring surfaces. These are often the source of injury.

Many warehouse folks see OSHA as an intrusive enemy that comes to levy fines. While the agency does have an enforcement mandate to penalize companies for unsafe working environments, they also have a preventative outreach program. Many of my clients have invited the prevention side in to inspect their facility. The inspector will make recommendations and give the company time to comply. Not one of my clients has said they regretted the invitation.

Productivity

How are we utilizing our people? The most important suggestion here is to understand the workflow. How does material flow through the warehouse? Are there certain times of day that receiving is the heaviest? Scheduling incoming freight can help you manage the workflow more effectively. Conversely, creating a day end close to the flow of order picking will allow you to

clean up loose ends before the next work day. The goal is to do more with the same number of team members without generating errors.

Slotting and Organization

Decisions around where we place inventory will allow us to pick orders more efficiently and help keep our team members safe. From a productivity standpoint, I am a huge proponent of moving your most popular items closest to the shipping doors. From a safety standpoint, we should make sure that our most popular items are located in the strike zone. I don't want a picker to have to reach too high or lift up too many times in a day. Also, our fastest moving items should never be on a mezzanine. If you have bin locations in the facility, and you really should, make sure that you have a bin map near the pick ticket printer.

Preventative Maintenance

Nothing kills productivity like a broken piece of material handling equipment. I have had forklifts go down when a pallet laden trailer just kisses the dock bumpers. Imagine my mood when I discover that the pneumatics are shot on the pallet jack. All this could have been avoided if I had a preventative maintenance program in place. I have found that checklists, either weekly or daily, help warehouse managers keep on top of all their material handling assets. Don't forget to inspect racking and dock equipment. I have a whole article on this subject. Just ask me for a copy.

Boxes and Containers

From a customer service perspective, we need to be very conscious of the way our orders and transfers reach their intended destination. Many of us have been in the habit of using old boxes to fill customer orders. I am all down with the green movement and re-use, re-new and recycle; but not at the expense of damaged product. New boxes may seem prohibitively expensive, but have you considered offsetting the cost by vendor co-op advertising funds? Would your suppliers be willing to pay for their logos going in the hands of your customers? With regard to larger orders or transfers, I like the use of Gaylord boxes. These are pallet sized, reinforced cardboard boxes. They are a very economical way to protect products in transit.

Staffing and Management

Why do we expect the people who manage all of our cash (the inventory) to work for minimum wage? I know that many of you pay better than that, but how many of you have a variable compensation program based on performance? Come up with 5 criteria to measure. These can change over time. Make sure that it is a team incentive paid on a monthly basis. If the team hits all 5 goals, the amount you pay out will be a pittance compared to the money you saved in sloppy material handling.

Training and Education

I already mentioned the equipment training in regards to safety, but have you ever spent time teaching your material handling team about the big picture? Since a vast majority of you promote from within, educating your team on distribution, product and customer service is an investment in your future. I have always maintained that one of the most critical components in the order transaction is the delivery driver. Are we helping them project the right image to our customers? Most of our warehouse training is through osmosis: The new guy shadows the old guy. The old guy learned from the dead guy and you hope the dead guy did it right. Investing in outside warehouse training, on a regular basis, will prevent generations of bad habits.

Shipping and Receiving

For every one mistake made in receiving, 10 additional errors are generated in the warehouse. Cleaning up these errors is where distributors balloon their operating expenses. Make sure that your strongest team member is in charge of receiving. Get it right the first time. Give the receiving team plenty of room to work. They have to break down pallets, count, cross dock, filter out supplier errors, re-label, etc. They need room to get all this right.

Separate shipping and receiving. Shipping teams often need to double check and package customer orders. They need to stage orders, load them into carriers, and make sure that branch transfers are handled efficiently.

On average, distributors carry 25-30% more inventory than they really need to provide superior customer service. It seems that we just aren't happy without an abundance of stuff on the shelves. Reduce the number of pallet racks in the warehouse. Increase the space allocated to shipping and receiving functions. You will make fewer mistakes and reduce the amount of money spent on cleaning up after the fact.

Build a Plan of Action

As I mentioned at the top of this article, this is just an overview of what warehouse managers should be looking at. Each of these areas offers the opportunity for discussion on how to improve efficiency in the warehouse. Since many of your managers are home grown and have little experience around strategic thinking, I encourage you to help them create small battle plans. Check in often and get outside help if needed. Reducing expenses in the warehouse puts cash on the bottom line. Good luck.

Jason Bader is the managing partner of The Distribution Team, a firm that specializes in helping distributors become more profitable through operating efficiencies. The first 20 years of his career, were spent working in distributor operations. Today, he is a regular speaker at industry events and spends much of his time working with individual distribution companies. For more information, call (503) 282-2333 or contact him by e-mail at Jason@Distributionteam.com. Also visit The Distribution Team's website at www.thedistributionteam.com.