

Top 3 Warehouse Accelerators

One of the aims of Logistics Help is to raise the level of warehousing and logistics capability amongst SMEs. It is our observation that there is a sharp fall-off in knowledge and technology transfer once you move away from the top tier of large corporations. This document describes the first three things we typically do in any business to get them on the road to 21st Century warehousing.

This is a 'What to do' not a 'How to do it'. This report is short because on one level, these ideas are simple and you could do them yourself. However, there is a lot of valuable information that I can't include in this report so read on to see where you are at in your warehouse journey and how I may be able to help.

1 Bin Location Management

Freedom from the tyranny of storage in family groups

The default human way of organising the storage of just about anything, from your pantry to your garden shed is to store things in family groups. Socks go in the sock drawer, cutlery in the cutlery drawer, herbs in the spice rack and so on. We do this so we can find things, it's perfectly logical. The problem is of course that the stuff in these categories grows over time. So where do you put the jars that overflow the spice rack? In the pantry, somewhere. And what happens when you (or someone else) go looking for them in two months' time? – you can't find them! These same strategies and consequent problems also happen in warehouses, only the problem is much bigger because there is a lot more stuff spread over a much bigger space.

It is very surprising to me that bin location tracking functionality was until relatively recently absent from many mid-tier business systems. You still might not have this feature in your system or you may not be using it. It is usually possible to do a simple modification to add this feature if it's not available in your system. Bin location tracking for your inventory will free you from the tyranny of family group storage. When you overflow the designated space for a product category you will know exactly where it has been put. Once you are free to put anything anywhere, safe in the knowledge that you will be able to find it again, new and interesting possibilities arise.

2 Pareto Analysis & Product Slotting

The beginning of reducing your travel path

If we collected all of the things we most commonly used in the kitchen, we could probably store them in one drawer and a cupboard. Most of us do something like this already, the salt and pepper for example, live on the table or bench and never get put in the cupboard, the cutlery is always in the top drawer. This observation that some things are used a lot more than others is an example of the Pareto principle. Also called the 80:20 rule because it is quite common that 80% of activity is generated by 20% of the active things. In your business, 80% or so of your sales will come from only 20% of the products you sell. But how do most people arrange their warehouse? – in family groups spread through the entire warehouse. Which usually means that 100% of the warehouse must be walked to pick 100% of the orders. But now that you're free to store anything anywhere, because you find items by bin location rather than product family, you can slot that top 20% of high selling items from all your different family groups together at the front of your warehouse near the despatch dock. So now 80% of your orders are picked by walking only 20% of your warehouse.

| *Does that sound like it might save you some time in order picking?*

The activity of deciding where to store an item in a warehouse is called product slotting and it can be a very sophisticated activity in high volume warehouses, but the principle is always the same – how do you minimise cost by optimising product storage location.

3 Advanced Picking Strategies

Reduce your travel path further by picking smarter

OK (I hear you say) what about that last 20% of my orders, I still have to walk to the back of the warehouse to get the one thing on the order that is slow moving don't I? (Gotcha!). Quite true, so what do you do? – You use a more advanced picking strategy. The normal order picking strategy that everyone uses is to print a pick slip listing the items on the order and pick it. I call this 'Single Order Picking'. But there are three, more advanced picking strategies and a range of hybrid strategies that are available.

Without a [Warehouse Management System](#), the only advanced strategy available to you is 'Batch Picking'. Fortunately, it's easy, but also not a standard part of most (none that I have come across) business systems. A 'Batch Pick' is simply a list by item, of the sum of all the quantities for each item, from a range of orders. You will need to get your IT provider to write a custom report for you to produce this list. The benefit of the batch pick is that for a batch of orders you only need to travel the warehouse once, to pick all the orders. You then need to assemble each order from that batch of stock using your order pick list. I call this a 'Batch Pick and Assembly' process. The batch pick is of course very fast and efficient, but the order assembly process can take some time as you have to search through all that stock to find any given item. Overall it is a more efficient and accurate process than single order picking.

But there is a hybrid approach which may work better. Single Order Pick the 20% of fast movers (80% of the work) and Batch Pick the slow moving 80%. (20% of the work). This makes it easier to find the items in the Batch Pick (which is much smaller) and you only need to walk around the fast mover zone (20% of your warehouse, or less if you do it right) and then add the one or two items from the Batch Picked stock to complete the order.

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What Next?

Go Do It! If you've tried and failed, then see below. If your business is growing or under stress and you need more, then call us on **02 8078 6903** to book a free [Performance Improvement Consultation](#) and we'll give you a roadmap to high performance logistics for your unique business circumstance.

Find Out More

If you want to dive deeper into how to do this in your warehouse, then join me on the next monthly webinar where I'll go through the process in more detail. You can register for the webinar on the report download page <http://www.logisticshelp.com/top-3-warehouse-accelerators.html>

If you're ready to get started, and start saving a lot of money in warehouse labour costs by applying these strategies, then join the [Top 3 Warehouse Accelerators Program](#) for only AUD\$2,995 and we will coach you through how to apply these principles in your warehouse.

About Logistics Help

Logistics Help are Australia's best warehouse and logistics consultants for Small and Medium Enterprises (SME). We are focused on high ROI projects and performance improvement programs for helping SMEs grow and compete effectively against large corporations. – Andrew J Clark, founder.