es consulting

Warehouses can be efficient.

As a developer of software systems, we have been working with distribution, wholesale, and manufacturing businesses for over 20 years to help them achieve the most efficient operation possible. Here are some of the things we have learned along the way.

Where do inefficiencies come from?

There are generally 3 sources of inefficiency in a typical warehouse. These come about because the company has grown and the business environment has changed. A typical example of the is the growth of e commerce and, for some business, the impact of Amazon on the market. It is important to recognize, everything is evolving. Staying the same is not an option.

Systems not connected.

The first source of inefficiency is that the various system in the business are not all joined up. Information does not pass from one system to another, i.e. orders created on the web shop are not automatically entered into the accounts package and have to be rekeyed.

Another individual system commonly found in a warehouse is the courier system. Orders cannot be shipped if they are not picked up by a courier. This means the details of the order like the delivery address and package size need to be entered into the courier system and you then get back the shipping label. If this data could be automatically be sent to the couriers and the label printed this would prevent maitakes and save a significant amount of time per order.

Order entry can also be a further bottleneck especially if orders are received by email, or from the sales team. Again data is being entered manually and this is ripe for mistakes being made and significant time

being taken. Mistakes being made when the order is created can have a huge knock on effect when the order arrives at the customer.

All the above have their roots in the fact that data is having to be rekeyed. Rekeying data can often be completely avoided.

Human Error

We are all human and we all make mistakes. Repetitive jobs can be a cause of this and working in a warehouse picking orders all day does not help. In some cases our customers have been having to employ special measures to ensure mistakes are identified and rectified before the order is shipped. We have known instances where a single employee is dedicated to checking deliveries of sales orders. This is very expensive. In another case an employee was employed checking all invoices that went out. This is also a significant overhead on the business and can be avoided.

Other customers of ours, have products that are almost identical and can be very easily confused. This as fertile ground for picking errors.

Stock Takes

Many companies spend many hours a year counting their stock. This is understandable as it is very important to know the value of the stock for the month and year end accounts.   If this is wrong then the profits can be very inaccurate.

It is not uncommon for companies to do a stock take every month and this can, in larger business, take several man days. This is a costly exercise. If the stock was always accurate and could be relied upon then there is a significant time saving to be has here. There is also the added benefit that with the stock being accurate at all times, it is possible for the sales office being confident that order can be fulfilled.

How to get more efficient

The first thing to do is to sit down and work through the processes you are currently using in the warehouse to receive goods in and fulfil orders. Identify all of the times there is a need for someone to manage the order in some way. For example they may have to manually enter the order into the accounts

package or they may need to check what is being delivered. Then imagine if you could dispense with this task entirely in some way. If you can estimate the time taken to process one order and multiple this by the number of orders processed on average per month it is possible to come up with a cost to the business for doing this activity. Most probably there will be many opportunities to do this calculation. When you are done you will have an estimate of the total savings that might be made by introducing some kind of automated system into the warehouse. It is not uncommon for us to find that it would be possible to double the number of orders processed without the need for additional staff for example if suitable automatic systems are introduced. We also find that it is possible to make better use of the available space in the warehouse as well and of course it is possible to make better use of the available staff buy redeploying them to more productive tasks.

Another good way of exploring how to get more efficiencies in the warehouse is to talk to an expert. We could be that person and we are happy to provide advice on how to go about accessing these efficiency savings.

I hope this short review has been of some help. Please do not hesitate to contact me if you would like to discuss this further.

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