

# What's Up With WMS?

## *Three Articles*

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### Ten Unexpected Rewards from Implementing a Warehouse Management System

Calculating the total return on your investment in a new WMS (warehouse management system) means looking beyond the obvious. Look more closely at some of the less apparent, yet sizeable, long-term benefits of implementing a new WMS. Each benefit affects your operation by reducing costs either directly or indirectly.

#### **1. Smaller Building Size/Less Equipment**

A WMS can provide better utilization of available space, reduce on-hand inventory levels and reduce or eliminate the need for off-site storage facilities. Savings from reduction or elimination of lease payments for an off-site facility can be quantified. In addition, there are cost reductions through the reduced equipment requirements (e.g., fewer trucks), operating costs, personnel (e.g., lift truck drivers), transportation and maintenance.

#### **2. Shift Reductions/Elimination**

Process changes are designed to increase productivity and efficiency. As workers become proficient in the WMS, fewer shifts may be needed or the same workers may be able to handle increased volume, ultimately reducing the size of your management overhead and workforce altogether.

#### **3. Customer Service Improvements**

Increased productivity naturally leads to improved customer service. Exceeding delivery expectations is the best way to make customers return. Many warehouse management systems now have the capability to track the customer's shipment all

the way to its delivery, allowing you to provide your customer up-to-the-minute status.

#### **4. Carrier Freight Savings**

Today, parcel carriers are expected to process more packages than ever before. Anything you can do to decrease carrier user intervention can translate into savings. A compliant label format, better print quality and accurate shipment information may make a significant difference in rate determination. If you meet your carrier's standards and requirements for shipping labels and data transactions, your shipments will arrive at their destination quicker and for less money.

#### **5. Legacy System Maintenance Reduction**

Finding IT professionals to support proprietary mainframe legacy systems is becoming more difficult as they resist working on legacy systems they view obsolete. A search for someone willing to learn all the intricacies of a proprietary system may be costly. A software package provides an easy upgrade path and can be easier to maintain than a legacy system, thereby reducing the need for internal resources.

#### **6. Hot Merchandise Delivered On Time**

Another way to exceed customer service expectations is to expedite shipping "hot" order merchandise. The WMS may include special functionality, such as a forward pick location, to help expedite selected merchandise through

the distribution center. In addition to product being flagged, the ordered merchandise can be selected either individually or in a group for priority processing, and the shipping method may be changed to allow for more speedy delivery.

### **7. Recalls, Returns & Holds, Effectively Managed**

Many time-consuming functions, such as placing a hold on certain items, responding to recalls, and returning shipments to vendors, are automated within a WMS. The WMS flags the item and places a special hold on the product, preventing pickers from pulling the item unless they have the appropriate task noted. This electronic versus paper notification system greatly reduces the risk of shipping *quarantined* product, and creates efficiencies by reducing paper search and sort.

### **8. Greater Multiple-Facility Visibility**

In the past, making an apples-to-apples comparison between the operations of multiple distribution centers was laborious and often impossible. A WMS unifies multiple operations by employing similar processes and metrics across facilities. This eliminates making

complicated adjustments in order to make comparisons.

### **9. New Services, Easier**

Coordination of multiple-item orders, especially if some require special services, can be a daunting effort. A WMS can easily group orders together so that those requiring extra time are processed prior to a *normal* pick. A customer's pleasure is often worth the extra cost required for personalization or gift-wrapping, which may also include the printing of a gift card and shipping the package directly to someone else. Many 3PLs are finding that implementing VAS (value added services) is giving them a significant advantage over their competition. Managed well, VAS can become a profit center.

### **10. Real-Time Tasking**

RF scanning used in conjunction with a WMS increases accuracy and productivity through real-time tasking. The ease with which a task can be deleted or bumped up in priority makes for a smoother operational flow. Using RF to increase productivity and potentially reduce equipment requirements through increased forklift utilization is another benefit of implementing a WMS.

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## **Eliminate Risk from WMS Selection**

With hundreds of WMS vendors competing for your business, how do you know which one offers a software package that will effectively meet your business needs?

As anyone who has been involved with purchasing a WMS knows, every vendor has an idea of what's best, and that often conveniently matches the capabilities of the vendor's package. Cutting through the promises, bells and whistles, and preconceived needs takes time and complete confidence that you understand your business better than anyone.

Several key issues need to be addressed during the selection process:

- Definition of the business objectives to be met with the new software. As you examine the needs of your business and consider software functionality, you may realize that your operation would benefit from some changes.
- Definition of your operational requirements early in the process. This is the only way to truly identify whether a software package satisfies your unique business needs.
- Definition of your anticipated user and device base will help identify potential hardware issues and allow for resolution

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before implementation, thereby reducing overall costs and installation risks.

Our suggestions for how to avoid pitfalls:

- Be wary of the WMS vendor who attempts to convince you to adjust your operations to fit its software solution. Remember, a software solution is only valuable if it addresses your business needs.
- Don't select software that will require major modifications, as changes tend to be costly, risky, and time consuming. A rule of thumb is to assume that a package WMS will have 85% of your *needed* features and will require 10 or fewer modifications.
- Make no assumptions about software functionality. Make sure your interpretation of required functionality matches the vendor's interpretation.
- Insist on a written document outlining functionality and operational requirements and business objectives.

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## Conference Room Pilot: Picking the Right Approach for Best Results

A CRP (conference room pilot) allows future users to participate in a trial run of the software. The most valuable CRPs are those which simulate a real work environment, incorporating actual company data and realistic operating situations. The ultimate purpose is to evaluate how closely the software comes to meeting your business needs.

Typically, a CRP can be completed in three to five weeks, assuming that a significant amount of time was dedicated to gathering and preparing business requirements. The amount of benefit derived from a conference room pilots depends on the level of detail in your preparation.

### **Detailed Specs → RFP = Comprehensive Solution**

A comprehensive solution results from supplying your WMS vendor with extensive business data well before the CRP. Complete data, in the form of detailed specifications, include operation details, products definition, SKU characteristics, cycle counts, network architecture, custom and standard reports, backup recovery, and redundancy.

Doing the work ahead of time allows attendees to identify gaps in operations and validate the WMS.

### **Quick Start-Up for Acquired Operation or New Sales Channel**

If you have no historical data on an operation to share with the WMS vendor, you are forced to rely on the vendor's experience with similar operations and products to define its system's operations. You then lose some ability to differentiate your operation from that of your competitors by not being able to design into the WMS your brand of distribution activities.

Moreover, you don't reap the benefits of reviewing the processes in your operations before WMS implementation.

### **Beware Thin Specifications = Lengthy CRP**

The *Thin Specifications = Lengthy CRP* method mistakenly uses the CRP as an educational tool to define and fine tune business operations, a process best accomplished beforehand. By CRP time, documents are signed and financial commitments made. If an inordinate amount of time is wasted trying to conform your business operations to capabilities of the vendor's package, you may have selected the wrong WMS.