

Warehouse * Process Re-Engineering:

A group of individual tasks that work together to meet a pre-determined goal

Warehouse Process Re-Engineering

Project Overview

- Project Kickoff / Overview
- Project Team Established for Local Requirements
- Obtain macro understanding of current processes and computer system(s)
- Do a macro review of Order Entry & warehousing – walkthrough
- Determine unique requirements
- Document project requirements
- Agree and sign off project plan
- Communications for Project
- Develop communication to internal employees
- Develop communication to external/third party employees
- Develop broad communication to customers
- Announce to internal employees
- Announce to external / third party employees
- Announce to Customers

Business Process Review

- Sales
- Current level of sales by month
- Current level of credits by month
- Current split of sales by state/location
- Current split of sales by product
- Current level of back orders
- Last customer survey finding
- Current delivery issues
- Current product issues
- Current customer perception
- Current customer issues
- Review current policies and procedures
- Agree service level for market
- Agree communication strategy for performance levels to customers

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Marketing

Which market segments are attractive by product and customer?
What are the landed cost of goods and manufactured cost of goods?
What is the cost to serve by customer and customer segment?
Are you getting an adequate price for customer exclusives?
Are there distributor customers who should be served direct?
Which products and customers are high margin?
Why do some products and segments have higher margins?
Which product/customer segments are growing / falling?
What characteristics determine attractiveness?
Target attractive market segments?
What are the preferred segments in the various product category markets?
What market initiatives can be used to target each segment?
What resources and capabilities will be required to target preferred segments?
What constraints and strategic considerations arise?
Obtain a premium for superior service?
Are there customers which are service driven and will pay a price premium?
Do you have the resources/capabilities to target preferred customers?
How should prices be set and controlled?
How are prices currently set and controlled?
What information is required to set prices/
Who should set prices?
How should marketing and costing information be integrated?
What information is required to support market targeting and pricing?
What customer service dimensions should be monitored?
What are the key customer service dimensions?
What systems are required to monitor the dimensions?
How are IT systems used and what tools do they provide?

Finance

What is the company's financial year?
What is the cut off times each month?
What is the current value of inventory?
What are the current inventory provisions?
What is currently in inventory in transit inventory?
What is the current budget for Distribution?
Current Supply Chain costs by
In-bound freight and customs
Warehouse costs
Out-bound freight costs
Total distribution costs as a percentage of sales

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General Management

- What is the main weakness of the business?
- Which market segments are attractive to the business?
- What are competitive advantages of this company?
- What is the cost of the operation to serve the customer?
- Are you getting an adequate price for customer exclusives?
- Are there distributor customers who should be served direct?
- What characteristics determine attractiveness to your customers?
- How do you compare to your competition for customer service?

Human Resources

- What company improvements are possible?
- What scope is there to improve the company's performance?
- What scope is there to improve individual performance?
- What benefits will arise from process improvements?
- What conflicts will arise from process improvements?
- What is the culture of the company?
- What are the training schemes offered by the company?
- What are the induction programs used by the company?
- Is there scope to reduce direct head counts?
- What opportunities exist to reduce people costs?
- How are IT systems used and what tools do they provide?

Operations

- What operational improvements are possible?
- What scope is there to improve performance?
- What benefits will arise from rationalising the product mix?
- Should the range of products offered be reduced?
- Can demand variability be reduced?
- What stock holdings need to be held?
- Is there scope to reduce direct labour costs?
- What opportunities exist to reduce costs?
- How are IT systems used and what tools do they provide?

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Logistics

- What planning improvements are possible?
- What scope is there to improve forecasts?
- What benefits will arise from rationalising the supplier mix?
- Should the range of products offered be reduced?
- Can demand variability be reduced?
- What stock holdings need to be held?
- What is the current method of setting safety stock levels?
- Is there scope to reduce inventory holdings?
- What opportunities exist to reduce costs?
- How are IT systems used and what tools do they provide?

Warehousing

- What physical improvements are possible?
- What scope is there to improve performance?
- What benefits will arise from rationalising the product mix?
- Should the range of products offered be reduced?
- Can delivery variability be reduced?
- What stock holdings need to be held?
- Is there scope to reduce direct labour costs?
- What opportunities exist to reduce costs?
- How are IT systems used and what tools do they provide?

Distribution

- What physical improvements are possible?
- What scope is there to improve transportations performance?
- What benefits will arise from rationalising the customer mix?
- Should the range of services offered be reduced?
- Can delivery variability be reduced?
- Is there scope to reduce direct labour costs?
- What opportunities exist to reduce costs?
- How are IT systems used and what tools do they provide?

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Freight Forwarders

- What physical improvements are possible?
- What scope is there to improve the forwarders performance?
- What benefits will arise from rationalising carriers?
- Should the time frames of services offered be reduced?
- Can delivery variability be reduced?
- Is there scope to reduce direct transport costs?
- What opportunities exist to reduce costs?
- How are IT systems used and what tools do they provide?

Process - Customer Service

- Order taking
- Credit processing
- Order data processing
- Credit data processing
- Not Required by Customer
- Ordering Errors by Customer
- Order Duplicated
- Damaged Stock Received by Customer
- Dated or Discontinued Stock Received
- Wrong Goods Delivered (pick error)
- Errors at Order Entry
- Product Labeling Errors
- Goods Lost in Transit
- Disputed Returns
- Short Shipments
- Product Recall
- Price enquiries
- Price Adjustments
- Wrong Customer Invoiced
- Adjustment for Incorrect Credit Process
- Freight Adjustment
- Rebates
- Revise Trading Terms and Conditions
- Communicate revised Trading Terms and Conditions to customers
- Other

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Warehouse Process - Distribution

- Order picking
- Order packing
- Order dispatch
- Delivery transport

Process - Warehousing

- Moving a warehouse
- Identify team members for project
- Configure Warehouse
- Design warehouse
- Relay out warehouse
- Review warehouse layout
- Agree new specification for computer hardware
- Install new computer hardware
- Define power needs and location
- Install electrical work
- Develop new numbering system for bin locations
- Arrange printing of new location labels
- Install numbering system
- Install Packing Benches
- Move Inventory
- Organise trucks for move
- Organise staff for move
- Move remaining inventory
- Stock take inventory
- Orders issued out of warehouse
- Review stretch wrap/labeling machine

Warehouse Documents

- Obtain copy of current pick slips
- Obtain copy of current invoices
- Obtain copy of current put-a-way labels
- Obtain current job descriptions for staff
- Obtain current repacking paperwork
- Obtain current skill levels of staff
- Obtain current standard operating procedures
- Obtain current key performance indicators
- Obtain other.....

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Warehouse Process and Systems Testing

- Test system receiving process
- Test system put-a-way process
- Test system picking process
- Test system invoicing process
- Test system credit process
- Test system dispatch process
- Test system re-packing process
- Test system cycle count process
- Test system stock adjustment process
- Test system stock take process
- Test system barcode printing
- Test/validate system back order reports
- Test/Validate system Purchase orders
- Test/Validate system KPI reports
- Test/Review Documents for above processes
- Review costing for rest/new year
- Agree on Cost Model
- Draft new agreements/KPI's

Process - Planning

- Planning & Sales forecasting
- Sufficient Data Points
 - At least two years history is required for seasonality
 - The more data points the more stable the forecast confidence in reliability
- Unusual Demands
- Specials
- Non standard lengths
- Errors
- Random/abnormal demand
- Change in pattern
- Data Integrity
- Recording demand
- Recording credits
- Recording re-works
- Forecasting at stock keeping unit

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Common method of forecasting
Length of forecast period
Local market
Overseas stock requirements
Consolidation on a National basis
Inventory Management
Product Mix
ABC inventory
Product grouping
Products
State Mix
Safety Stock
Location of safety stock
Calculation method for safety stock
Agreed level by stock keeping unit
Minimum Quantity Buys
Local purchases
Overseas purchases
Customer cycle time requirements
Performance Levels
Stated Customer Service Level

Agreed process service level overall

Contact Us Today

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