



## **A SampCo Distribution**

# **Warehouse Certification Auditor's Assessment Report Findings Presentation Month XXth 20XX**

WAREHOUSING EDUCATION AND RESEARCH COUNCIL



THE ASSOCIATION FOR DISTRIBUTION PROFESSIONALS

Audit results, typically, will be presented via a PowerPoint review of the process itself and the findings of the audit. Generally the presentation will follow this format and the entire report will be available to the audited facility.

## Objectives of the Presentation

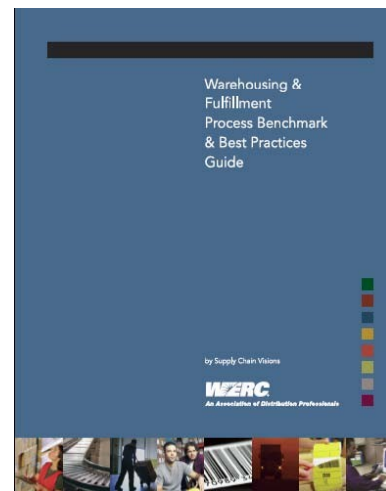
- Outline the audit approach
- Review the assessment methodology and processes covered
- Present the result of the process assessment and certification audit
- Review summary of the “3 Wishes”
- Discuss Auditor’s notes
- Clarify any questions
- Discuss options for building on the value of the assessment / certification process

## Overview of Audit Approach

The WERC-qualified auditor conducted an on-site qualitative assessment of processes and procedures in the specific facility against the WERC *Warehousing & Fulfillment Process & Best Practices Guide*.

The WERC *Guide* rates 8 main warehouse functions broken down by Process Area. There are a total of 114 Process Attributes graded. The “Minimum Acceptable Score” for each of the 114 attributes was developed by a WERC team of Subject Matter Experts. Certification is based on meeting at least the minimum acceptable value for all attributes.

A complimentary copy is provided with receipt of application and payment. An advance copy may be purchased and the purchase price will be credited to the certification fee.



WERC is pleased to recognize SampCo Distribution as a WERC Certified Warehouse with full privileges to use this designation until recertification is required.

# Methodology

## The Auditor Grades What is Seen and Heard...

Practices within each process group are broken down into five levels as follows:

Level 1 -Poor Practice – These activities should be avoided. They provide no value and may be detrimental to efficient, value based operations

Level 2 -Inadequate Practice – These activities are considered to provide little value

Level 3 -Common Practice – Practices commonly seen and used in the industry. While they provide added value, they typically leave room for improvement

Level 4 -Good Practice – These are activities which provide added value and may be fully satisfactory for most businesses

Level 5 -Best Practice – These activities have been seen to accompany high performing operations.

*Processes outlined in the Guide are typical for all warehouse operations. Note that the “Best Practice” may vary across industries, geographies and business units.*

## Process Assessment Framework & Grading

Using the audit worksheet, the auditor, observes and grades the process groups. Our SampCo scored “Good Practice” (4s) on all three attributes of Dock Management and their total for this item is 12. The minimums for this item are 3s or a total of 9, so SampCo has passed on this item. The auditor adds pertinent comments and continues the process for all process groups and attributes that apply.

Receiving and Inspection – Process Benchmarks					
Process Group	Poor Practice 1	Inadequate Practice (2)	Common Practice 3	Good Practice 4	Best Practice 5
<b>Dock Management</b>  ATTRIBUTES  PROCESS	Trailer deliveries not scheduled	Shippers may notify of deliveries, but times not scheduled	<b>Receiving appointments manually tendered, shippers given delivery window in minutes or hours</b>	Manual scheduling of trailer receipts to maximize utilization of available labor and dock space. Shippers given a	Dock appointments are made and systems used to manage and monitor that appointments are kept
	Trailers not unloaded in a timely way causing wasted time and resources for shippers and	Trailers unloaded as they arrive and labor is available	<b>Trailer unloading scheduled in broad time windows in a manual process</b>	Scheduled and timely unloading to avoid detention/ demurrage	A firm commitment in place to unload every vehicle within stated timeframe
	No consideration for trailer moves and yard management	Trailer moves and yard management is as needed	<b>Trailer moves and yard management is planned around regular work schedules</b>	Reduction of trailer switch times by pre-planning all trailer moves and yard staging of trailers	Labor, yard and dock space utilization is optimized and planned around inbound / outbound requirements

*Aggregate results of all grades are shown in Appendix 1.*

# Process Assessment Summary

The Summary table identifies the WERC Standardized **Grading Level** for each section.

	# of At-tributes	Below Minimum (1)	Needs Attention (2)	Meets Standard (3)	Good Practice (4)	Best Practice (5)	Minimum
Receiving & Shipping	13	13	25.5	38	51.5	65	38
Material Handling & Putaway	14	14	28	42	56	70	42
Slotting	9	9	18	27	36	45	27
Storage & Inventory Control	16	16	31.5	47	63.5	80	47
Picking & Packing	16	16	32.5	49	64.5	80	49
Load Consolidation & Shipping	13	13	31	49	69.5	90	49
Shipping Documentation	10	10	20	30	40	50	30
Warehouse Management System	18	18	33	48	69	90	48

## Gap Analysis

SampCo's assessed scores are above the minimum value for all of the 8 areas assessed. This Gap Analysis table shows SampCo's assessment findings by the number of attributes in each grading category for each key process group. The count of practices in the "Poor" to "Common" columns indicates to the company in which attributes there is likely room for improvement.

The count of practices in the "Good" and "Best" columns indicates to the company in which attributes it is doing a good job.

	Poor Practice	Inadequate Practice	Common Practice	Good Practice	Best Practice	SampCo Scores	Minimum Grade
Receiving & Shipping	0	2	4	5	2	46	38
Material Handling & Putaway	0	0	8	3	3	51	42
Slotting	0	0	5	2	2	33	27
Storage & Inventory Control	0	0	5	8	3	62	47
Picking & Packing	0	0	7	9	0	57	49
Load Consolidation & Shipping	1	0	9	8	0	60	49
Shipping Documentation	0	0	6	4	0	34	30
Warehouse Management System	0	2	7	9	0	61	48
<b>Assessment Summary</b>	1	4	51	48	11	404	330

Experience has shown that improvements in even a single area can result in significant productivity and customer satisfaction gains.

The complete findings with auditor's comments will be presented in the report.

# Appendix 1: Assessment Worksheets with Auditor's Notes

## 2010 Grading Minimum Levels

Minimum acceptable levels for each attributed are shown in **bold** text with blue background. Attributes that have all text *italicized* are currently being audited, but are not included in the certification grade. **SampCo's grades are circled.**

Receiving and Inspection – Process Benchmarks					
Process Group	Poor Practice	Inadequate Practice	Common Practice	Good Practice	Best Practice
Dock Management	Trailer deliveries not scheduled	Shippers may notify of deliveries, but times not scheduled	<b>Receiving appointments manually tendered, shippers given delivery window in minutes or hours</b>	Manual scheduling of trailer receipts to maximize utilization of available labor and dock space. Shippers given a delivery time	Dock appointments are made and systems used to manage and monitor that appointments are kept
	Trailers not unloaded in a timely way causing wasted time and resources for shippers and carriers	Trailers unloaded as they arrive and labor is available	<b>Trailer unloading scheduled in broad time windows in a manual process</b>	Scheduled and timely unloading to avoid detention/demurrage	A firm commitment in place to unload every vehicle within stated timeframe
	No consideration for trailer moves and yard management	Trailer moves and yard management is as needed	<b>Trailer moves and yard management is planned around regular work schedules</b>	Reduction of trailer switch times by pre-planning all trailer moves and yard staging of trailers	Labor, yard and dock space utilization is optimized and planned around inbound / outbound requirements
AUDITOR'S COMMENTS					
Transactions	Receipts processing is inconsistent and unscheduled	Receipts posted in batches on a regular basis	<b>Receipts posted as PO's are processed, posted and show as available inventory in 24 hours</b>	All receipts received by a cutoff time such as 2PM are processed and posted as available inventory same day	All receipts acknowledged, posted and added to available stock as received in real time
AUDITOR'S COMMENTS					
Product Labeling	No product labeling	Product inconsistently labeled	Not all product is labeled by suppliers, but a label is applied upon receipt	<b>Product is labeled by supplier, to specification, receipt to PO can be made into the system through an Auto ID scan process</b>	All product pre-labeled, bar-code scan verification of product receipt against the ASN or PO with system-directed assignment of put-away locations
AUDITOR'S COMMENTS					

Receiving and Inspection – Process Benchmarks					
Process Group	Poor Practice	Inadequate Practice	Common Practice	Good Practice	Best Practice
<b>Advanced Ship Notice and Supplier Communication</b>	Little or no communication with suppliers on shipment status	No supplier shipment notification, informal communication on an expedited basis with suppliers	<b>Suppliers provide notice of shipment in an informal way (fax, email, web site), ASN not used in receiving process</b>	ASNs are received from major suppliers and are used in receiving process	With limited exception automated, paperless receiving (ASN Assumed Receipts) and pre-slotting of items to speed physical re-
<b>AUDITOR'S COMMENTS</b>					
<b>Process</b>	No clear ownership nor process defined for unloading and receiving	Receiving process is written but not consistently followed, no owner for process	Receiving process are documented and followed, but process ownership may not clear	<b>Receiving processes are well documented and process ownership clearly defined</b>	Combined responsibility for physical unloading & checking functions to increase individual accountability for inventory accuracy & eliminate unnecessary labor hours
<b>AUDITOR'S COMMENTS</b>	Good use of personnel in receiving & inspection.				
<b>Inspection</b>	No inspection process involved at receipt	Insufficient inspection to identify non-conforming product, essentially checking for damage only.	<b>Sufficient inspection to identify non-conforming product. Failing product is quarantined to prevent use</b>	Sufficient inspection to identify non-conforming product that is then quarantined to prevent use or referred to suppliers within a prescribed time-frame	Inspection process results in quarantine, immediate notification to suppliers & carriers and initiates return process
<b>AUDITOR'S COMMENTS</b>					
<b>Cross Docking</b>	No process to identify or expedite products	<b>No cross docking process, informal expediting of products</b>	Informal process with manual lists are kept to support cross docking of products needed for current orders and replenishment,	Formal but manual process for cross-docking or immediate replenishment requirements for received product not in inventory but needed for current orders	System-enabled alerts for incoming product's immediate order requirements, creating a cross-docking or immediate replenishment task upon receipt
<b>AUDITOR'S COMMENTS</b>					

Receiving and Inspection – Process Benchmarks					
Process Group	Poor Practice	Inadequate Practice	Common Practice	Good Practice	Best Practice
Metrics	No established performance metrics or SLAs (service level agreements) established with suppliers	<b>Informal process to notify suppliers of receiving requirements</b>	Basic receiving requirements are outlined in company's routing guide and is shared with all suppliers	Formal performance metrics & SLAs established with suppliers in the routing guide or separate Statement of Work	A formal supplier management and review program is in place that includes routing guides or separate Statement of Work
	Inbound supplier receiving errors are not tracked (e.g. % of product received without a PO or % of product received mis-labeled)	Ad hoc process to track inbound receiving errors or track internal functional metrics. Supplier receiving errors are not shared with suppliers	<b>Formal process to collect Inbound receiving metrics, but data is not shared with suppliers</b>	Formal process to collect inbound receiving metrics, data is informally shared with suppliers	Receiving errors monitored, reported and controlled by double check scanning and weight confirmation checks. Formal process to share with suppliers
	Internal performance indicators (e.g. dock to stock time) are not tracked	Ad hoc process to collect and report internal receiving metrics to management	<b>Internal performance metrics are regularly collected but are not posted or shared with employees</b>	Internal performance metrics/ standard clearly posted and shared with employees	Internal performance metrics/ standard clearly posted and used for part of company's continuous improvement program
<b>AUDITOR'S COMMENTS</b>	Need a more formal set of metrics				
RFID	No knowledge of RFID technology or capabilities	Have not investigated RFID capabilities for support of customer requirements	<b>Aware of RFID as a tool</b> <b>RFID program is under investigation</b>	Plan in place to implement RFID capabilities to meet customer requirements	Capabilities available to capture and track RFID Electronic Product Codes when required
<b>AUDITOR'S COMMENTS</b>					

Supply Chain Visions- Best Practice Process Attributes and Benchmarks  
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The auditor adds pertinent comments and continues the process for all process groups and attributes that apply.

## Three Wishes Summary

The auditor asked each of SampCo's key players to name "3 Wishes" for the business and the answers are grouped into categories, as demonstrated below for presentation to the company.

### Roles & Responsibilities

- Break down the silos to assure that everyone sees the whole picture and acts as a unit
- Cross educate departments on roles & resp to promote better communication & actions

### Cross Group Processes

- Eliminate physical and technology barriers between the different groups within affiliates
- Resolve procedural conflicts between different organizations

### ERP Upgrade

- Simplify, reduce and consolidate systems (8.0 & 8.4) and all front end systems
- An ERP system designed for a distribution business with all required functionality built in Systems Roles & Responsibilities
- Adequate budget for productivity

*Aggregate results of all comments will be provided to SampCo.*

## Q&A

The auditor answers any questions about the process, the grading or comments that SampCo representatives may have.

## Resources

Resources, including, education, publications and on-site guidance, and a Vendor Locator which can be used to identify consultants and product vendors which address warehouse processes, can be found on the WERC website to assist in the development and implementation of improvements. [www.werc.org](http://www.werc.org)



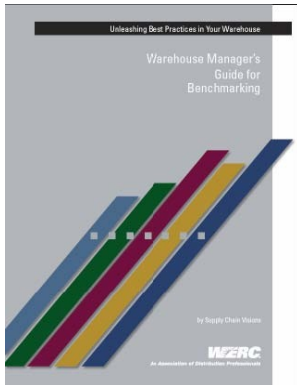
## Next Steps: Process Improvement

Having achieved certification, SampCo can proceed to review areas where there may be opportunities to further improve its operations. WERC recommends that SampCo consider the gap analysis and the detailed audit scoring by process attribute to understand the areas where investments in process improvements can be justified by return on time and dollars.

This graphic shows an example of setting improvement targets for the 8 key warehouse processes. This collection of targets in ALL identified process areas becomes a company's long-term road-map for improvement.

Warehouse & Fulfillment: Gap Review						
Process	Gap	Poor Practice 1	Inadequate Practice 2	Common Practice 3	Good Practice 4	Best Practice 5
Receiving & Inspection	High Gap		You			Target, Exemplar
Material Handling & Putaway	High Gap		You			Target, Exemplar
Slotting	Medium Gap			You	Target	Exemplar
Storage & Inventory Control	High Gap	You			Target	Exemplar
Picking & Packing	Low Gap				You	Target, Exemplar
Load Consolidation & Shipping	High Gap		You		Target	Exemplar
Shipping Documentation	High Gap		You	Target		Exemplar
WMS	Medium Gap			You	Target	Exemplar

● High Gap   
 ● Medium Gap   
 ● Low Gap   
 ★ Exemplar   
 ■ You   
 ○ Target



A methodology for in-depth benchmarking of both qualitative and quantitative measures is provided in the WERC **Warehouse Manager's Guide for Benchmarking**. A complimentary copy of this publication will be provided to the audited company with their final report.

## Next Steps: Quantitative Analysis

In addition to a complete qualitative assessment of warehousing processes, WERC believes that each facility should regularly benchmark its operations **quantitatively** against its own earlier metrics as well as any available industry or competitive benchmarks. The benefits of doing regular benchmarking are:

- Provides insight into how a facility compares to others in its industry
- Provides a yardstick to measure performance improvement over time
- Helps guard against a possible degradation of operational efficiency
- May be necessary to comply with specific client requirements
- Can be useful for self promotion during sales opportunities

*To enhance that effort, a complimentary copy of the WERC / DC Velocity Annual Study of DC Metrics is provided to the audited company as a guideline to industry performance with their final report.*

