



Calculating ROI

The following two tables show the return on investment calculation for a recommendation to move 3,000 products to new pickslot locations. Note that in years one and two, the most significant savings come from Annualized Travel Distance Picking Labor Cost.

Financial Benefit Summary

Year One Simple Financials	Origin Slotting	Target Slotting	Change (\$\$)	Change (%)
Stocker Cost to make physical Reslot Product Moves		\$22,856.25	\$22,856.25	---
Inventory Control Cost to keypunch Reslot Transactions		\$405.76	\$405.76	---
Miscellaneous Reslot Costs		\$370.00	\$370.00	---
Annualized Putaway Labor Cost		---	---	---
Annualized Replenishment Labor Cost	\$223,451.80	\$224,211.39	-\$759.59	-0.34%
Annualized Travel Distance Picking Labor Cost	\$477,448.99	\$263,820.49	\$213,628.50	44.74%
Annualized Cost per Pick (Sweet Zone Slotting)	\$0.00	\$0.00	\$0.00	0.00%
Annualized Cost for Replenishment Injury (Ergonomics)	---	---	---	---
Annualized Cost for Picking Injury (Ergonomics)	---	---	---	---
Maintenance Move Cost		\$13,500.00	\$13,500.00	---
Total Year One Costs or (Savings)	\$700,900.78	\$525,163.88	\$175,736.90	25.07%
<i>Total Item Slotting Optimization Maintenance Rate</i>				0.54%

Year Two and Beyond Simple Financials	Origin Slotting	Target Slotting	Change (\$\$)	Change (%)
Annualized Putaway Labor Cost		---	---	---
Annualized Replenishment Labor Cost	\$223,451.80	\$224,211.39	-\$759.59	-0.34%
Annualized Travel Distance Picking Labor Cost	\$477,448.99	\$263,820.49	\$213,628.50	44.74%
Annualized Cost per Pick (Sweet Zone Slotting)	\$0.00	\$0.00	\$0.00	0.00%
Annualized Costs for Replenishment Injury (Ergonomics)	---	---	---	---
Annualized Costs for Picking Injury (Ergonomics)	---	---	---	---
Maintenance Move Cost		\$13,500.00	\$13,500.00	---
Total Future Year Costs or (Savings)	\$700,900.78	\$501,531.87	\$199,368.91	28.44%
<i>Total Item Slotting Optimization Maintenance Rate</i>				0.54%