



Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

From the Golden Zone

A good bin maintenance program starts with making associates “untouchable”

By Pat Kelley

In 19th century India, people viewed the “untouchables” as something less than desirable, to say the least. In prohibition era Chicago, a different group of untouchables appeared invincible as they put the Capone gang behind bars. Now, in 21st century logistics, the concept of an untouchable may be just the thing you need to maintain a healthy bin maintenance program.

How do we go from Hinduism to bin maintenance? It’s not quite the stretch it may seem. Let’s first take a look at a viable bin maintenance program. And, when talking bin maintenance, the place to start is by considering the life span of a SKU.

The longevity of a SKU is similar to the life span of a human being, with one dramatic difference. SKUs are born — often with great anticipation for a wonderful life — they prosper, they weaken as they age, they grow old ... but many DC managers might claim SKUs are immortal. They never seem to die.

Like humans, SKUs change frequently over the course of time. SKUs that are hot this year go cold next year; SKU activity is one of the most volatile issues facing DC management. Yet to the untrained eye, all this volatility is invisible. One can walk a distribution center today, then re-visit the same DC again in a year and not see that the undercurrent of SKU activity may have changed

dramatically. This is why SKU maintenance is one of a DC manager’s most powerful weapons to control expenses.

But some DC managers might allow expense control to hamstring their bin maintenance program. Who would do such a thing? There are times when DC managers are pressed to tighten up their expenses, pressured to quickly improve the bottom line, and consequentially driven to bad behavior. Sometimes DC managers pull away those associates performing bin maintenance and put them on production. It’s an easy way to instantly pick up a full-time employee or two.

The trap, however, occurs when DC managers tell themselves such transfers to production are only temporary. The relief it provides their bottom line leads them to drag their feet on the transfers back, and, lulled by fewer expenses, the temporary transfers tend to become permanent. It’s a trap. As any equipment manager can tell you, failure to do PMs (preventative maintenance) will eventually lead to equipment failure — and it’s more expensive to fix the failure than to do periodic PMs.

Neglecting bin maintenance causes the exact same results. The problem is that while equipment failure is instantly noticeable, bin maintenance failure is not noticeable at all; instead, it’s easy to over-

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look, as productivity gradually deteriorates and deteriorates.

There is an easy fix. Simply call your bin maintenance associates “untouchables.” Let it be known to the entire supervisory staff that these associates are not to be touched — ever! After all, any logistician can tell you that a good bin maintenance associate returns his or her annual salary three or four times over each year by producing and maintaining good pick and putaway productivity.

True, “untouchables” is an unusual name, but it’s one nobody forgets. You can’t temporarily transfer a bin maintenance associate because he’s an untouchable. Need help in shipping today? Find someone else, because these folks are untouchable. It might sound draconian, but you’ll thank yourself at the end of the year when your bin maintenance remains in good shape. The concept of the untouchable exerts a good discipline on you and your entire staff.

A few final points on bin maintenance:

- If your DC contains fewer than 20,000 SKUs, one untouchable should be sufficient; if it’s more than 20,000, consider two permanent untouchables.
- When slotting new merchandise, circle back to it six months later to determine if the original sales projections were correct — in many cases new SKU bins need to be re-sized, since sales projections are based in part on “crystal ball” methodology.
- Over-capacitated bins are just as harmful as under-capacitated ones. The former bins should be downsized to make room to expand high-activity bins to limit replenishments.

All in all, DC managers who run a disciplined bin maintenance program stay at the top of their game. And sometimes, the use of an unusual name or technique keeps these disciplines in the forefront of everyone’s minds.

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