



Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

From the Golden Zone

Use the root canal technique to improve putaway

By Pat Kelley

When the economy turns down, DC managers are often asked to tighten their belts and perform the same work with fewer expenses. But nimble DC managers don't waste much time bemoaning such a fate; instead they attack waste, benchmark for best practices, and, best of all, take fresh looks at the less exciting parts of their operations.

Order filling has always been sexy. Lines per hour, cartons, pieces or picks per hour; these things have always made our pulses race and we've all spent large chunks of our careers figuring out how to jump-start order selection. It's where the action is.

But shrewd DC managers also turn the same enthusiasm to the more mundane area of inbound receiving. If you want to get excited about it, just calculate what a 10 percent improvement to inbound labor — particularly in the area of putaway — means to your labor ratio. You might be surprised. And after the surprise dissipates, you might fairly ask, a 10 percent gain sounds good, but just how do I go about it?

How much space do you have in reserves?

Putaway productivity is directly related to space in reserves. A good rule of thumb is that if you have 20 percent of empty space in reserves, it will produce the most efficient operation. Other theorists might say 15 percent, but I subscribe to

the point of view that the less your putaway workers search for slots to place the inbound, the more productive your putaway efforts will be.

This leads us directly to a discussion of space. If you already have that 20 percent of space in reserves, I applaud you. Go in peace; you can stop reading. But if you're like so many DCs

in these financially tight times, space is at a premium. Reserve areas are full, some so jammed they look more like the Great Wall of China than a warehouse reserve area. Indeed, over the years, active SKUs turn quickly, but inactive SKUs stay put. This causes the profile of your reserve areas to comprise mostly inactive SKUs, while the active SKUs are placed farther and farther away from their forwards. If your profile is more akin to this, you need something I call the root canal technique.

"We discovered more than 2,000 reserves in the main building that were more than three years old."

An introduction to root canal

Wondering about how the root canal technique works? Let's take a look at the last warehouse where I applied it.

This particular operation was way behind in its inbound. In fact, it backed up 60 inbound trailers waiting for unload (in an environment where it averaged 10 trailers per day) and the reserve space in the main warehouse was completely filled, overflowing into three satellite warehouses. This was a

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prime candidate for the root canal technique.

What is the root canal technique? It's a technique akin to the way people approach the idea of a root canal — everyone agrees root canals provide a good solution to the immediate problem of a severe toothache, but nobody actually wants to get one. In this case, it was clear we needed more room in the main warehouse, so we had to quickly create the ideal condition of 15 to 20 percent space in reserves. Nearly everyone agrees with these percentages, but when warehouses become stressed, very few managers want to actually do what it takes to create good operating conditions — just like nobody really wants to undergo a root canal.

That weekend, we cancelled all inbound work, but scheduled overtime for every single lift driver, including supervisors and managers who could drive lifts. Management hated to do this, but we persuaded them it was a necessary evil to spend all this labor on space creation.

Sure enough, we discovered more than 2,000 reserves in the main building that were more than three years old. We concentrated all the lift work that weekend on pulling these dinosaur reserves out of the reserve areas, putting them on trailers, and taking them to the satellite warehouses. It cost us a lot of labor, no doubt, but when the sun rose on Monday morning, we had our 20 percent working capacity.

Tips for finding space in reserves

Trying to find space in reserves can be tough. Try these tips to free up space in your reserves:

- Some DC managers build queries that calculate the open reserve bins in their warehouse. They run the query each day, then report this percentage in their daily staff meetings to keep everyone focused on the 20 percent metric.
- Do your reserves fill up all the cubes in your reserve area, or are many pallets only stacked half high? Can crossbeams be inserted to create more reserves to accommodate the half-highs and make better use of your cubes?
- Assign a worker to consolidate smaller reserves to free up slots.

And guess what happened? Abruptly we were able to unload those 60 trailers ten times more quickly than during the prior week. The reason was simple — we created space in the reserves. We then recouped the payroll we spent in overtime during the weekend by increasing productivity in inbound. It felt painful to schedule all those lift drivers without unloading a single trailer, but, like a root canal, once it was over, we sighed in relief.

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