



Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

From the Golden Zone

Handling slow to medium movers can improve order picking

By Ed Romaine

Not all stocked items move at the same speed from storage and retrieval systems. In many businesses, 80 percent of the items picked are fast movers selected from 20 percent of the inventory. That means that the other 80 percent of the items in inventory can be classified as slow to medium movers.

While the 80/20 rule isn't the rule for everyone, most DCs have a percentage of items that move slower than others, and those items must be handled differently than the fast movers to achieve optimum efficiency and productivity in order fulfillment operations. I know of a number of real-life examples where distribution centers focused on slow to medium movers and were able to make big gains. For example, the Gucci Group saved 80 percent of its floor space while increasing productivity by 40 percent by putting slow-moving stock in vertical lift modules. Similarly, Gardner Denver determined that it could reduce its inventory costs significantly by combining its aftermarket parts fulfillment with its production warehousing. Here is how they did it.

Location, location, location

When the retail fragrance distributor Gucci Group decided to consolidate all distribution into its existing facility, it became apparent that it would have to modify its distribution philosophy. The company merged 200,000 square feet

of operation into its existing 100,000-square-foot facility. It needed something simple but effective to meet its space and productivity requirements.

With more than 3,800 active SKUs, an analysis showed 25 percent of the SKUs were very active. By moving the fastest movers into pick-to-light flow rack and the slower movers into three vertical lift modules (VLMs), Gucci was able to reduce its labor costs and increase productivity by 40 percent while saving up to 80 percent of the floor space previously required. The three VLMs provide approximately 1,800 cubic feet of accessible storage space in a 210-square-foot space.

The DC picking area is broken into six zones connected with smart conveyors that route the orders to be picked and pulled directly into shipping containers. The first three zones use the pick-to-light flow rack. Two zones use the VLMs. The last zone is the double scan area, which uses shelving and double barcode scanning verification.

When the orders are completed within a zone, they are automatically passed to the next zone via intelligent conveyor. Each order will go only to the zone that contains the SKUs required to complete that order, bypassing unnecessary zones to increase the system's efficiency.

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Combining inventory for space savings

Gardner Denver realized that in its warehousing facilities, it actually maintained duplicate sets of more than 80,000 SKUs in inventory. When the company analyzed its slow to medium movers, it realized it could have just one set of SKUs for each of its two manufacturing sites.

The picking systems put into place at the Gardner Denver facility needed to serve two purposes. The first was the distribution of spare parts to end users and the second was the assembly of pick kits to feed its manufacturing facilities.

The company realized it could put its slow and medium moving items in a horizontal carousel system that combined space savings, increased productivity, and labor flexibility. Each carousel workstation (pod) is designed with two, three, or five carousels and can be adjusted to accommodate that day's level of activity. One operator can go from picking a pod of two carousels to picking a pod of four carousels with just a few clicks of a button.

This allows an operator to pick from one active carousel while the other carousels are prepositioned for the moment the operator is ready. The picking manager can balance production requirements with personnel to maximize labor and throughput efficiency.

By focusing on those slow to medium movers, Gardner Denver is now processing orders in half the time, with a 50 percent reduction in the labor hours needed to do the same tasks. Its new combined production/aftermarket inventory and method of handling slow and medium moving inventory has sizably reduced its operating costs.

By recognizing that slow to medium movers require special storage and retrieval solutions, DCs can improve the efficiency of order fulfillment operations and at the same time improve customer service.

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