



Distribution Center MANAGEMENT

Managing people, materials and costs in the warehouse or DC

Management Strategies

The art of warehouse management lies in approach to problem solving

The secret to being a successful manager lies not so much in your objective knowledge but in the way you use your mind. That's one of the key principles in the new book *The Zen of Warehouse Management*.

"We're in a very mathematical industry, with rack alignment and bin sizing and bar-coding and warehouse management systems,"

explains Pat Kelley, coauthor of the book and director of logistics for True Value Hardware. The same formulas, calculations, and standards are available and used by DC managers everywhere. Yet as Kelley traveled to various DCs, he noticed that there was still a wide range of performance among managers.

"If the math is accessible to everyone, what

Sometimes the solution can be painful, but you have to do it

In *The Zen of Warehouse Management*, authors Pat Kelley and Ron Hounsell describe how the no-nonsense Zen approach turned around a "meltdown DC" and made it one of the most productive in its network. In less than nine months, inventory at the DC had doubled, the SKU count increased by 70 percent, and hourly wages were reduced by 22 percent. Understandably, the facility's performance wasn't too good. In fact, the main warehouse was 100 percent full, and there were 60 trailers to off-load.

When faced with such pressing problems, an organization may have to resort to what the authors call a root-canal technique. They describe this strategy as "akin to the way people approach the idea of a root canal — you may agree that a root canal is necessary, it's a good thing, but nobody wants to actually go through one."

In this case, it was clear that the DC needed more room in the main warehouse. In order to do that,

the company postponed all inbound work for a weekend and scheduled overtime for every single forklift driver, including supervisors and managers who could drive lifts. The IT staff ran a query on all the reserves in the main warehouse, and inventory was sorted by age or reserve date. Management discovered more than 2,000 reserves that were more than three years old. Getting rid of this older inventory allowed the DC to create 20 percent empty space in the reserves, and as a result, it was able to unload those 60 trailers 10 times more quickly than in the past.

While postponing inbound and scheduling overtime for everyone may not have been a popular choice within the organization, it was necessary, and the results were well worth it. The authors say that the money spent in OT during the weekend was quickly recouped in the following weeks through increased productivity in inbound.

www.DistributionGroup.com

This article was reprinted from the July 2006 issue of *Distribution Center Management*.
© 2006 Alexander Communications Group, Inc. All rights reserved.

is the difference between great managers and good ones?” asks Kelley. He believes that what separates the great managers from the good and the average managers is the way great managers think about problems and their intuitive understanding of the art form of warehouse management.

Kelley says the new book “distinguishes the art form from the mathematical side of the business” and illustrates how great managers think about and approach problems.

Make problems manageable

“The great managers break their problems into their most elementary parts. It’s the way that they approach problem solving,” says Kelley.

For example, Kelley and coauthor Ron Hounsell, director of logistics services at Cadre Technologies, note that when you get right down to it, logistics is simply all about space and people. Breaking down problems into these basic parts not only makes finding solutions easier but also acts as a way to bring anxiety under control.

When dealing with a facility that’s in serious trouble, or as the authors call it, a “meltdown DC,” the first thing that managers have to deal with is getting the chaos under control, or at least the chaos perceived by the staff. It has a calming effect when the manager can approach his staff and say, “I know it looks bad, but let’s face it, warehousing is just about space and

people. If we can solve the space issues and we can solve the people issues, we’ll get through this situation.”

Brainstorming is path to new ways of thinking about problems

When discussing problem-solving techniques, brainstorming is a Zen-like activity, in that “you are looking for new approaches to your problem solving,” says Kelley.

Every manager has done brainstorming on some level, but Kelley and Hounsell outline a strategy to help you maintain and track brainstorming on an ongoing basis — something they say is essential if you truly want to be successful.

While many managers will do one or two brainstorming sessions and then quit because they believe the ideas have run out, Kelley says ongoing brainstorming is like digging a hole in the beach and taking all the water out. You can keep removing the water over and over again, but it always fills back up. That’s how creativity and brainstorming work.

As for whether it’s worth the effort, Kelley says that “I truly believe that there’s a million dollars in brainstorming for nearly any distribution center.”

The Zen of Warehouse Management, published by the Distribution Group, is now available. For more information or to order, visit www.DistributionGroup.com or call 212-228-0246. **DCM**

“Great managers break their problems into their most elementary parts.”

Distribution Center Management

712 Main Street — Suite 187B, Boonton, NJ 07005-1450

Telephone: (973) 265-2300 • Fax: (973) 402-6056 • Email: info@DistributionGroup.com • Website: www.DistributionGroup.com

Distribution Center Management is published monthly by Alexander Communications Group, Inc., which provides news, data and information on key distribution and warehousing topics through its newsletters, books, and website.



© 2006 Alexander Communications Group, Inc. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior written permission of Alexander Communications Group.