



Distribution Center MANAGEMENT

Managing people, materials and costs in the warehouse or DC

October 2014

As holiday rush approaches, follow these last-minute tips to prepare

By Curt Barry

For operations professionals in retail and direct commerce, it's time for the annual Christmas frenzy. With peak volumes that can be five to 15 times higher than a typical week, the holiday season poses real risks. If you fall behind processing orders, you might not recover until Christmas is over.

There are also rewards: For many companies, the entire year's profit results from the fourth quarter's sales.

Along with these blessings come the challenges of hiring seasonal associates, integrating them into your workforce effectively, dealing with planned volume and the continued chaos that disrupts the flow of your operations, among other things.

With another chaotic season approaching, there's no time for major changes — but it's not too late for minor tweaks that can make a big difference. Here are 18 important best practices every company should consider:

1. Establish hot pick zones. To avoid traffic jams in the aisles, place the best-selling items in the most accessible storage areas, such as ends of aisles. As much as 70 percent of a picker's time is spent walking; reduce walk distance and time and you increase productivity and reduce costs.

2. Look at slotting. Find out now which items are expected to be hot movers, and put them in your hot pick zones.

3. Improve packing productivity. Inspect your packing areas now. Possible upgrades include cushioned floor mats, tables with adjustable height to make them more ergonomic, spacious work surfaces, and cubbyholes for inserts. Make sure cartons and packing materials are replenished to pack stations so packers don't have to leave.

4. Manage your shipping expenses. Share your projections with your shipping carriers. Now is the time to ask for extended pickup times. Prioritize orders to ship as many by ground as possible. For example, as Christmas approaches, a DC in Ohio would move West Coast orders to the front of the queue and hold East Coast orders.

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5. Ask for extra trailers. Tell your shipping carrier you may need additional trailers for increased volumes. Rental trailers on your lot can create additional seasonal storage space.

6. Name seasonal managers. Find hourly workers who could step up to be seasonal supervisors. Give them an incentive to do so for the peak season.

7. Stay in touch with last year's temps. The most productive people are those who have worked for you in Christmases past. Nurture this resource and offer them an incentive to work this peak season.

8. Recruit a friend. Productive employees often know good people looking for extra money.

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Offer them a small bonus to recruit a friend or relative.

9. Offer a bonus to work the entire season. Sweeten the pot for those who stay until Christmas.

10. Create a buddy system. Assign each seasonal worker to a “buddy” who is a year-round employee. The buddy answers the newbie’s questions.

11. Think about safety. Maybe your facility is perfectly safe in July, when volumes are sane. What happens after a tenfold jump in volume? Knowing how your facility changes with the volume, think about possible hazards. For instance, perhaps you should reschedule replenishment and put away to off hours to reduce aisle congestion.

12. Polish your disaster plan. Be sure the telephone tree is up-to-date in case bad winter weather throws you a curve. Are the seasonal workers on the lists? Do they understand the emergency plans?

13. Expand shifts. Put in place second and third shifts to keep up with the volume. Schedule replenishment tasks for off hours so pallets, boxes, pallet jacks, and forklifts don’t clog the aisles.

14. Simplify tasks. Seasonal workers don’t know your systems and processes. To improve seasonal associates’ productivity, break down complex tasks. You still have time to consider wherein the operation you can break more complex tasks into simpler tasks. Many companies have items that require special and complex packaging

(posters and prints, for example). Full-time packers know the process, but seasonal workers don’t. Consider prepacking these items offline to assure consistent and correct packaging.

15. Improve communication. Post standards, expectations, and productivity numbers. Have daily meetings for floor managers and at shift changes. Post on white boards strategically placed around your facility the main productivity rates and challenges.

16. Make a contingency plan. Work with your supervisors and senior management to develop options in case volumes are well off your plan. Will you pay overtime, or hire more workers? Where would you use more people effectively? More than half of the direct labor is in the pick and pack departments.

17. Put new systems on hold. Now is not the time to roll out a new system. Save the non-critical modifications until after Christmas.

18. Start thinking about next year. Keep a journal of problems that arise and ideas that occur to you. This is a starting point for planning for next year. Invite a consultant to observe your peaks this year to assist in making major process changes, product workflow, and material handling equipment changes for next year and the peak season.

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