



Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

From the Golden Zone

The worst error most managers make: Neglecting customers

By Ken Ackerman

We were asked to describe the most frequent significant error made by warehouse managers, and to do it in 500 words. Picking the topic was easy — the hard part was to describe it in a few words.

Nearly every warehouse manager puts the customer service spotlight on the folks who generate his revenue. For instance, if the company is a logistics service provider, your revenue producers are the depositors who put goods in your warehouse. If your warehouse is designed for plant overflow, then the customer is your production manager.

Both viewpoints are wrong. The single most important customer for nearly every warehouse is the person who receives your shipments. The mission of every warehouse is to produce perfect orders: shipments that arrive on time, without damage, and without any discrepancies in quantity or content. But we tend to forget that the only judge of a perfect order is the party who receives that order. Perception is reality, so if the receiver has the impression that the warehouse is doing a poor job, then it probably is.

Even though it is easy to accept the fact that the consignee is king, amazingly few warehouse operators take the trouble to watch their deliveries being unloaded at the consignee's dock, or to meet on a regular basis with the folks who

receive their shipments to find out exactly how well they are doing.

Unhappy consignees can tarnish the reputation of any warehouse operator. At worst, they may persuade the customer to find another warehouse that is easier to work with. On the other hand, satisfied consignees may refer new customers to your warehouse.

So why do we ignore them? First of all, they may be hard to find and even harder to visit. For an export warehouse, important consignees may be halfway around the globe, and their first language may not be English. How do you establish a relationship with these people?

If a personal visit is not practical, a survey is one way to ask people to comment on the quality of your work. A better but more expensive option is to appoint a customer service agent in the country or area where deliveries are made and ask that individual to visit customers.

Now fix the problem

Merely visiting is not enough. When a problem is discovered, a first step is to determine the cause of the problem, and then to create an action plan that will correct this situation. Once the problem is apparently corrected, follow-up inquiries should be made to be certain that the corrective action has been effective. In other words, the consignee must be constantly aware of corrective actions and

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resulting improvements. In many cases, the awareness of the consignee may be even more important than communications with your customer.

Your consignees may become your best salespeople. However, this happens only after you have earned their confidence by demonstrating both unusual competence and substantial ability to make adjustments that continually meet their needs.

We are constantly surprised by the low number

of warehouse managers who make it a practice to turn the spotlight on their consignees. The relatively few managers who elect to do so are likely to attract the kind of reputation which will allow them to win new customers and to retain old ones.

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