



# Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

## From the Golden Zone

### The seven deadly sins of distribution center crisis management

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Although the Great Recession officially ended in June 2009, there still is considerable doubt in the minds of many supply chain managers that it is in fact over. Layoffs have continued, and unemployment is fluctuating between 9 percent and 10 percent.

In some areas, transportation capacity has continued to be a problem even though shipping volumes have been reduced. Rates have continued to increase, and more increases are projected for this year.

In some cases, inventories have been reduced to the point that is difficult to meet customer demands, even the minimal ones. In short, many front-line distribution center managers are constantly being asked to do more with less.

That does not mean that all is lost, however. As Friedrich Nietzsche said, "That which does not destroy us makes us stronger." While that may be difficult to accept some days, most of us have found this to be true.

As we try to navigate new courses dictated by these challenging times, I suggest we endeavor to avoid what I call the seven deadly sins of distribution center crisis management. (These are not to be confused with the original seven deadly sins — lust, gluttony, greed, sloth, wrath, envy, and

pride — although I suspect some of these are around as well.) What follows is a summary of the distribution center crisis management sins, as I see them.

**Fear.** The first emotion many of us feel in times such as these is fear — fear of losing our jobs, our 401(k) funds, our credibility. While it would be naïve not to be concerned, fear can be a very destructive emotion. We don't work well when we're afraid. In the final analysis, most of us will survive this turmoil, and we must try to push the fear aside and channel our energies toward problem solving. We must also try to ensure that our employees are not afraid. Be honest and straightforward and be sure that they always know where they stand. Uncertainty does not make for a high level of comfort among the workforce.

**Panic.** Panic usually follows on the heels of fear, and now is not the time to make sudden and drastic changes in carriers and other types of service providers, operating procedures, or distribution networks. Planning should be substituted for panic. Move deliberately and cautiously. These are volatile times. What is true today may not be so tomorrow. While you must be flexible and adjust to new conditions, do not be impulsive or proceed without the proper planning.

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**Short-term thinking.** There will be a temptation to make decisions based on quick fixes and immediate short-term savings. This can be particularly true with technology. We have spent years developing technology in the warehousing industry, some of which is not inexpensive. There may be a temptation to say, "Forget information is power. Show me the money." This course of action will not serve you well over the long term. We must stay on top of the latest systems, whether existing or new.

**Greed.** Now is not the time to take advantage of carriers or other service providers that may have excess capacity. It is in our best interests for our logistics service providers to stay healthy and remain available to provide the resources and choices that we will need to do our job effectively. Remember: What goes around comes around.

**Hostility.** When we get stressed, we sometimes treat our supply chain partners poorly. Negotiations can quickly turn adversarial or hostile. Even though we may not agree on courses of action, we will be

more successful over the long run if we treat our partners with sensitivity and courtesy.

**Dishonesty.** Hopefully, this requires no explanation. But be aware that adversity can bring out the worst in people. Don't be tempted to relax your own standards of moral and ethical behavior, or to allow your employees to relax theirs.

**Complacency.** Finally, the worst option you can choose is to do nothing. While we shouldn't panic, neither should we sit idly by and expect everything to work out in the end. Whether in good times or times of crisis, the distribution managers who succeed will be those who are proactive, thoughtful, and unafraid to make bold but well-planned moves.

Freedom to act may, of course, be inhibited by corporate management or policies, but to the extent you can, continue to manage your facilities and employees professionally and intelligently. *Clifford F. Lynch is principal at C.F. Lynch & Associates in Memphis. He can be reached at 901-619-2182 or [www.cflynch.com](http://www.cflynch.com).* **DCM**

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