



Distribution Center MANAGEMENT

December 2006

Managing people, materials and costs in the warehouse or DC

From the Golden Zone

When making changes, remember to focus on the 2Ss

By Tom Tanel

Since the start of my involvement with our profession over 35 years ago, as well as through warehouse and distribution consultation and training, I've observed a fairly disturbing trend: Many companies are heavily engaged in supply chain reengineering and synchronization, instituting quick changes in order to become agile, technology-enabled, and customer-relationship-centered entities.

It appears that many of these organizations focus on supply chain synchronization end results more than on the simplification and standardization of logistic processes to achieve them.

Sound familiar? It may be a lofty ideal to shift paradigm thinking about where your warehouse or distribution center wants to be in this millennium, but without taking a hard look at the change process — simplification and standardization (the 2S's) — you'll need to get there, you won't get very far.

Critical success factors

Here are several critical success factors to incorporate into your warehouse and distribution process improvement strategies as part of your 2S efforts:

- Encourage process participants to ask, "Why do we do it that way?"

The basic idea behind 2S is not new, it's simply doing the right things a better way.

- Eliminate non-value-added activities; remove unnecessary administration, tasks, and approvals; and focus on "do it right the first time."

- Assess every activity in a process to define its direct contribution toward meeting customer requirements.

- Review and cost each activity, if possible, from the perspective of the cost to service a customer versus the price to sell or charge them.

- Simplify the process, and eliminate any inherent complexity.

- Target eliminating specific process steps that were imbedded in the process to accommodate exceptions: unique customers, rush orders, or past "special cause" problems.

- Make the process "error proof" by making it difficult to perform an activity incorrectly, using the KISS Principle (Keep It Simple, Stupid).

- Utilize simple words, and use pictures, diagrams, and flowcharts to supplement them.

- Standardize the performance of a process, and teach all employees — at all locations — to do the same task that way all of the time.

- Improve and streamline the process first, then automate or computerize it, especially for routine or redundant tasks.

- Encourage employees to perform tasks creatively and look for new ways to fundamentally change the way the process works — then document it.

This article was reprinted from the December 2006 issue of *Distribution Center Management*.

Interested readers may subscribe to the monthly newsletter by visiting <http://www.DistributionGroup.com> or phoning (212) 228-0246.

© 2006 Alexander Communications Group, Inc. All rights reserved.

No part of this article 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.

2S is the “Same Old Thing”

As you read the list of critical success factors, how many of the 2S strategies were truly innovative or new to you? Most are based on solid basic management principles and common business acumen; in essence, the “Same Old Thing.” Understanding the interaction of various components to simplify the results is what 2S process improvement change is all about. As the saying goes, “A pessimist sees the coffee cup as half empty; an optimist sees the coffee cup as half full; while the 2Ser sees twice as much coffee cup as is needed.”

Keep in mind that the basic idea behind 2S is not new, it’s simply doing the right things a better way, despite attempts to make all that we do sophisticated. Furthermore, to make your organizational efforts most effective, realize that it’s not so much a matter of shifting your overall supply chain objectives but shifting the paradigm about how to achieve them that may bring you the best results.

Tom Tanel is president and CEO of CATTAN Services Group Inc., a logistics and supply chain management consulting and training firm. Contact him at cattan@cattan.com, 979-260-7200, www.cattan.com.



Distribution Center Management

28 West 25th Street — 8th Floor • New York, NY 10010-2705

Telephone: (212) 228-0246 • Fax: (212) 228-0376 • 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 newsletters, books and looseleaf services.



© 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.