



Distribution Center MANAGEMENT

Managing people, materials and costs in the warehouse or DC

Management Strategies

‘Management by walking around’ is a good start; here’s what to do while walking

Getting out on the floor of the DC is a crucial management tactic. But if you walk around only once in a while, you run the risk of what Tom Tanel calls the “lip-service presentation and eye-wash tour.”

To make walking around an effective and valuable exercise, you need a clear agenda for what you want to accomplish, and strategies for gathering useful information.

“I always devoted a good deal of my time to management by walking around long before it was in fashion,” says Tanel, head of CATTAN Services Group. “I worked hard to be a real and constant presence throughout my facility or network of facilities.”

In a career that has spanned nearly four decades, Tanel figures he has visited more than 200 facilities as an operator and as a consultant. All of those tours taught him a few things about using site visits to glean information — how a process is translated into practice, how standard operating procedures work in the real world, and whether a facility is plagued by waste and inefficiency.

“The visible presence of distribution executives on the facility floor is now routinely accepted as a defining characteristic found in organizations with a high-performance culture,” Tanel says.

How do you make the most of this hands-on management style? For starters, Tanel says, you should have a basic checklist that covers the

important facets of your operation. Among the items on the list:

- Safety conditions.
- Worker demeanor.
- Condition of your storage and material handling and equipment.
- Regular maintenance schedules.
- Facility flow and layout — is it busy, crowded, or congested?
- Functional process chokepoints that affect the ebb and flow of facility.
- Stockpiles of material, product, finished goods, and parts.
- Receiving and/or shipping docks that are busy.
- Ease of material flow.
- Travel distances and travel time.
- Congested dock, staging areas, aisles, and processing operations.
- Lift truck maneuverability and lift heights.
- Sufficient DC doors to handle volume.
- Aisle widths and number of aisles.
- Space (cube) utilization.

The checklist is a good starting point, but it is the actual interaction with associates that often provides the greatest insights. Keep the following advice in mind as you walk around:

Trust but verify. As you walk around, conduct your own spot checks to verify the statistics that make it to your desk. Check the inventory

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management system's 'physical to book' accuracy by counting randomly selected SKUs and cross-checking the information contained in the inventory system with the actual SKU count in the slot. Next, check the locator system accuracy by randomly selecting storage lots and crosschecking the information contained in the locator system with the actual location of the SKU in the DC.

Meet the people. Meet your workers and see what you think. Read their body language, gauge their facial expressions, and engage in small talk, which can lead to more candid conversations. You might also find some easy ways to make improvements by chatting with the people who actually do the work.

Use all five senses. Use your eyes to observe and scan your surroundings (docks, picking area, cafeteria) and people's behavior. Don't forget to look up and notice the lighting and ventilation in the facility. You could use touch to study the mood of your people. Is that worker's handshake firm or flimsy? Use smell to sense anything out of the ordinary, like a nasty aroma in the maintenance area or a foul odor coming from the employee restroom. These observations should lead you to ask pointed questions about your operations.

Listen closely. Asking the right questions is pointless if you don't listen. Slow down and listen to responses without thinking about your next question. By being patient, you can probe deeply and ask the right follow up questions.

Don't talk too much. "God gave you two eyes and two ears and one mouth," Tanel says. "You

are there to observe and listen." You should do only 25 percent of the talking, and let your people do 75 percent of the talking. Ask questions, listen to the answers, and then ask follow-up questions. These queries can yield clues and insights. This is how you get clues to things that are not so obvious and amazing insights begin to pop up.

Use open-ended questions. An open-ended question is designed to encourage a full, meaningful answer using the person's knowledge and feelings. It is the opposite of a closed-ended question, which encourages a short or single-word answer. Open-ended questions typically begin with words such as "Why" and "How," or phrases such as "Tell me about...." Here are some ways to ask probing, open-ended questions:

1. *Information gathering*
 - How do you see this happening?
 - Can you help me understand that a little better?
 - What does that mean?
 - How does that process work now?
2. *Qualifying*
 - What are your thoughts?
 - What's changed since my last visit?
 - What concerns do you have?
3. *Establishing rapport, trust and credibility*
 - How did you get involved in...?
 - What kind of challenges are you facing?
 - What's the most important priority to you with this? Why?
 - What would you like to see improved?
 - How do you check that?

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