



Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

From the Golden Zone

Lean warehousing, boosting efficiency, and human resources were big issues in 2007

The New Year is traditionally a time for looking back at the year that has passed, and looking forward to the challenges we're facing in the year ahead. For DC and warehouse professionals, 2007 proved to be another year of great change.

Among the themes that emerged in 2007 were an increased leaning of the warehouse, improving efficiency, finding new ways to save money, and the increasing importance of finding, hiring, and training workers and supervisors in the warehouse. And, according to our 2007 Looking Ahead Survey, the need for information in these areas isn't going anywhere in 2008.

To help you face this year's challenges, we've compiled some of the best advice from *Distribution Center Management's* 2007 issues. We hope it reinforces your resolve to continue striving for improvement in the New Year.

Keep metrics from spiraling out of control

It's easy to measure things, and it's not uncommon for a metrics program to grow out of control, monitoring every little detail of the operation. But how do you know when you've reached that point?

"You're measuring too much if you have metrics with no related performance changes," Kate Vitasek, founder and managing partner of Supply Chain Visions, told readers in the March 2007 issue. "Oftentimes I get calls from clients who say, 'I've got all these metrics but we're not getting better.' In fact, they need to narrow down how many metrics they have and then they actu-

ally have to do something with the data."

So how do you turn an out-of-control metrics program into a functional dashboard? Vitasek advises selecting what to measure based on a theme, such as the perfect order. You must first ask, what needs to be accomplished or what's the desired outcome? Every function in the DC must work together to accomplish this goal. In other words, you must keep your eye on the top-level goals when establishing metrics.

Tap your workforce to identify lean improvements

Just about every manager has heard of "lean warehousing" by now, but what is it exactly, and how will it help you improve your operations?

In the March 2007 issue of *DCM*, Joe Sommer, facility manager for Menlo Worldwide, discussed the key principles of lean warehousing. And Sommer is clear: Improvements in the warehouse are driven by the workforce, not management.

Menlo identifies seven categories of waste: Motion, waiting, over-processing, material movement, excess inventory, rework, and over-production.

Over-production, for example, is when you can produce more than your customer can handle. It's considered the worst of all of the seven categories, because it "hides the other six," Sommer says.

Fundamentals drive performance

If you're looking to improve operations, but not ready to invest in large-scale projects, don't worry, says Dan Bolger, of the Bolger Group, in the April

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2007 issue. There are still several basic steps you can take that will have a huge impact on your DC's performance.

Bolger offers several "quick hit" areas where simply applying basic attention and effort can lead to huge benefits. Among those areas are:

Inventory management. Pay more attention to your "not available for sale" inventory, Bolger says. Don't procrastinate with these items, but rather clear them out of your DC in 48 hours.

Make training a relationship. Proper training goes a long way toward enhancing productivity.

Focus on the physical facility. Address how you handle things like trash, or how you use your vertical cube.

Perfect deliveries. Measure your performance from the customer's perspective each time a delivery leaves the DC.

Simple refinements save money

Tomorrow's distribution centers will be environmentally friendly, sustainable, and consume far less energy. And this will deliver huge operating cost savings to the businesses that manage them, says Drew Torbin with ProLogis in our August 2007 issue.

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In fact, Torbin says that in other parts of the world,

DC owners have long been realizing tremendous savings through more sustainable facilities.

What features do sustainable DCs have in common? Torbin offers a few tips, including:

- High-efficiency lighting,
- Use of natural light,
- Improved heating and cooling, and
- Eco-friendly paint and concrete.

According to Torbin, these features provide both financial benefits and intangible benefits like improved employee morale. DC operators can make a range of relatively simple changes to their facilities and enjoy huge cost savings as a result.

Emergent workforce is the key to filling management shortage

While finding solid candidates to fill in the rank-and-file positions in your DC is likely a challenge, hiring qualified managers and supervisors is probably a lot tougher.

In the September 2007 issue of *DCM*, Brian Gibson, a professor of logistics at Auburn University, says the ongoing shortage of leadership-caliber professionals in the warehouse and distribution industry is crisis just waiting to happen.

"I think it's going to be more of a challenge," he says. "Organizations are seeing that their management team is nearing retirement and there are going to be a lot of mid- and senior-level positions that will need to be filled with qualified people."

The good news, Gibson says, is that DC directors can find solid management material right now on the campuses of colleges that offer supply chain management programs, within the so-called emergent workforce.

If you want dibs on the next generation of DC managers, Gibson offers this advice on attracting the best and the brightest:

- Partner with academia,
- Choose the schools that teach the skills you need,
- Consider the academic year when planning recruitment strategies,
- Get senior management involved, and
- Set out a career path for new managers.

And while the emergent workforce won't be a panacea for the management shortage, it can be a vital part of the solution.

"Most graduates still don't have a lot of experience directly supervising or managing people. You'll have to figure out how to get them moving in the right direction," Gibson says. "But for the most part, they are highly skilled, knowledgeable, and they are ready for work." **DCM**

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712 Main Street — Suite 187B, Boonton, NJ 07005-1450

Telephone: (973) 265-2300 • Fax: (973) 402-6056 • Email: info@DistributionGroup.com • Website: www.DistributionGroup.com

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