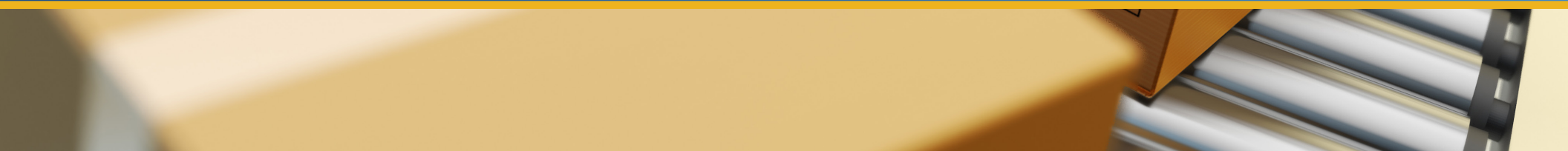




Deliver Competitive Advantage with Automation

8 Ways Automating Your DC and Fulfillment Operations Can Benefit Your Organization



Overview & Introduction

With the rapid growth in SKUs and order complexities, many wholesalers, distributors, manufacturers and even retailers are finding it hard to make informed decisions about their operations. This drives the need for smarter use of labor, equipment and technology. The main factors driving the need for automated distribution centers (DCs) are costs savings, labor efficiency and space constraints.

Automating DC and order fulfillment operations has become the primary strategy to ensure the realization of supply chain productivity and fiscal goals while maximizing customer service levels.

Here are eight ways automating your DC and fulfillment operations can benefit your organization.



Automating warehouse and order fulfillment operations has become the primary strategy to ensure the realization of supply chain productivity and fiscal goals while maximizing customer service levels.

1. Improving Order Accuracy

In the current competitive landscape, there is an ever-increasing number of available products, order complexities and demand for more frequent and smaller deliveries. The need for timely and accurate order fulfillment is of paramount importance. A decrease in order accuracy of several tenths of a percentage point can be disastrous to a company's bottom line and customer service levels

Automating distribution operations and fulfillment can immediately increase an organization's order accuracy anywhere from half a percent up to several percentage points. Businesses that automate realize a significant reduction in operational costs and a measurable increase in service levels, which have an immediate impact on overall profitability and a long-term positive effect on market share growth.

2. Managing SKU Proliferation

The term "SKU proliferation" has become ubiquitous across distribution and warehousing. Consumer choice and an increase in the demand for variety is driving a record number of product choices to the marketplace, effectively flattening SKU velocities and requiring distribution operations to effectively handle thousands of fast- and slow-moving SKUs with equal efficacy and throughput.

Implementing automated distribution and fulfillment permits an organization to manage the growing number of SKUs while decreasing the amount of travel time required by associates to fulfill orders. This increases product selection efficiency, reduces labor costs and allows for alternate ways to store inventory.

3. Optimizing a DC's Cube Utilization When Expansion Is Not an Option

With SKU proliferation comes the challenge of where to store the product. Increasing real estate costs are driving companies to find ways to better maximize and utilize their current facilities. Effective implementation of automation can help businesses better leverage their available DC cube.

Current automation technology can effectively store, condense and retrieve product while increasing vertical utilization and reducing horizontal storage footprint. This is particularly applicable for slow moving SKUs, which can take up the most space even though there is not much inventory on hand. Optimizing your distribution center cube through automation can allow for a 20 to 30 percent decrease in the storage footprint which can then accommodate future growth of SKU count and defers the need to expand existing buildings or relocate existing operations to new, larger facilities.

4. Realizing Real-Time Order Visibility and Management

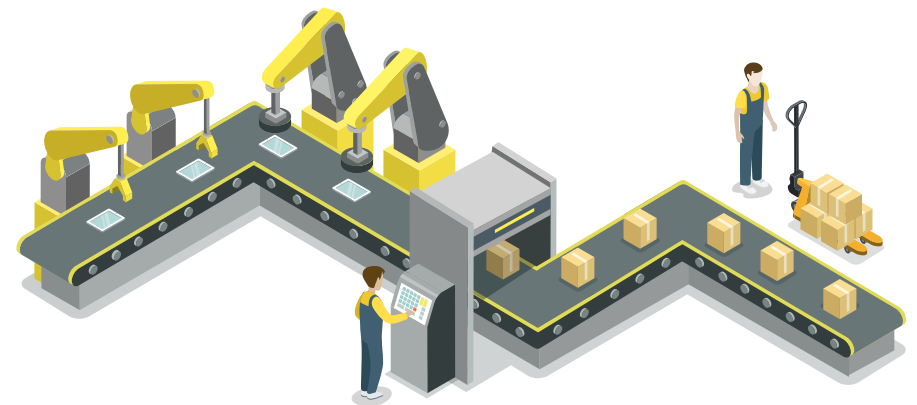
The emergence of networked mobile devices in the workplace has enabled management to monitor real-time operational information without being tethered to a workstation. Product movement, inventory status, performance metrics and process bottlenecks are available anytime, anywhere, allowing for better and timelier management of order fulfillment activities and labor resource assignment.

In order to eliminate blind spots and properly manage inventory, combining mobile access with state-of-the-art data collection devices and performance benchmarking software packages, businesses can successfully realize real-time visibility into daily operations which permits proactive, on-the-fly, operational adjustments that improve productivity and help to avoid potential performance pitfalls.

5. Implementing Automated Fulfillment

Any time labor can be effectively reduced within the DC, distributors and wholesalers, manufacturers and retailers benefit alike. For example, distributors can reduce demands on drivers at stops, which increases delivery productivity, manufacturers can see higher production rates with more efficient use of materials, while retailers can realize significant reductions in stocking labor in-store. All parties experience increases in accuracy which benefit the consumer and improve customer satisfaction.

Order fulfillment automation in the DC allows for more efficient sorting, queuing, consolidation and tracking operations. The benefits of implementing automated order fulfillment can significantly increase an organization's competitive advantage.



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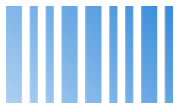
If you have the following operational initiatives, you should consider automation:



Improving Order Accuracy



Managing SKU Proliferation



Optimizing a DC's Cube Utilization
When Expansion Is Not an Option



Realizing Real-Time Order Visibility
and Management



Implementing Automated
Fulfillment



Lowering Freight Costs



Implementing the Right
Software Platform



Improving Worker Safety
and Ergonomics

6. Lowering Freight Costs

Automation is not necessarily just mechanization within the four walls of a distribution center. The implementation of an effective warehouse management system (WMS) can mean better management of freight costs and your overall business. An appropriately implemented WMS can offer detailed truck load planning and fleet management, which will increase truck cube utilization, optimize routes and provide significant reductions in freight-related costs.

7. Implementing the Right Software Platform

Supply chains operate on two main components: speed and efficiency. Therefore, a real-time warehouse management system (WMS) that can provide product movement, inventory status, performance metrics, and process bottlenecks needs to be operating at peak proficiency in order to maintain visibility and management of inventory.

An effective WMS not only contributes to lowering freight costs exponentially but also warehouse operations in general. Automating warehouse operations with a WMS can help you carry less of the wrong inventory by creating real-time visibility.

8. Improving Worker Safety and Ergonomics

In non-automated fulfillment facilities, associates often bend, twist and reach hundreds of times during a shift while lifting, placing or lowering heavy product. Most of these repetitive movements completely disregard proper ergonomics and can increase the likelihood of injury that results in missed time, workman's comp claims, and increased associate turnover rates.

Automating and standardizing warehouse labor and fulfillment practices can provide ergonomically ideal working conditions where associates' movements are carefully choreographed and the most potentially hazardous movements are greatly reduced or completely eliminated. The proper implementation of automation and best labor practices has consistently proven to lower the number of work-related injuries, increase productivity, improve associate satisfaction, increase efficiencies and lower labor costs.

Conclusion

As a company plans for the competitive landscape, developing the company strategy around customer service and order fulfillment is the first step. Not all solutions are one size fits all. Automation and mechanization are costly, especially up front, but can pay big dividends if designed and implemented correctly. Balancing people, processes and technology is the key to managing the solutions that best fit your requirements. You will quickly achieve cost savings and be able to better serve an even bigger, more complex landscape.

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