

10 Ways to Optimize Warehouse Operations

A first step to reducing costs and time wasted in your warehouse or distribution center is to establish and implement best practices. Here are the top ten best practices to improve warehouse operational efficiency.



1 Eliminate Errors with Automated Data Collection

The best-run warehouses use RF barcode and RFID systems to eliminate human error in tracking processes instead of manual tracking and data entry. Automation means more timely and accurate data to make smarter supply chain decisions and serve customers better.



2 Minimize Touches

Cut out unneeded steps to streamline and accelerate processes. Pick directly to a shipping carton instead of an intermediate bin or tote to eliminate one step. Finding other ways to improve your warehouse systems is a key step to cutting costs in your distribution center.

3 Organize Inventory for Efficiency

Organize inventory in a way that makes it easy for warehouse and distribution center employees to locate items and is conducive to overall workflow. Periodically evaluate your warehouse layout design to account for flow, accessibility and space, placing the highest velocity items in easy reach and group like items together. Label aisles, racks, work areas, individual items and safety hazards.



4 Treat Every Movement in the Warehouse as a Transaction

All movements should be part of a codified workflow for efficiency. Any movement that can't be tracked or otherwise recorded as a transaction needs to be eliminated or modified so that it can be. Any deviation from the standardized workflow should be reported so that issues can be identified, and resolved to optimize for efficiency.



5 Measure Everything to Manage Better

Measure and track key performance indicators including: inventory accuracy, inventory turnover, fill rate, demand forecasts, and more to pinpoint inefficiencies. Define SMART* performance goals, share across your team, and provide ongoing feedback to increase productivity and eliminate supply chain inefficiencies.



* SMART: Specific, Measurable, Assignable, Realistic, Time-bound

6 Make Inventory Counting Easier with Cycle Counts

Instead of a regular comprehensive physical inventory, consider implementing an ongoing cycle count program to reduce time and costs. An ongoing cycle count program that samples various subsets of inventory is an effective way to gauge inventory accuracy without the disruption that comes with a full inventory. Focus the sample on high-demand items to ensure that crucial items are replenished to minimize stock-outs.



7 Put Technology to Work with a Warehouse Management System

A Warehouse Management System (WMS) can help control and manage the day-to-day operations in a warehouse. WMS software guides inventory receiving and put-away, optimizes picking and shipping of orders and advises on inventory replenishment. It increases inventory visibility, reduces risk of demand volatility, organizes execution systems, integrates systems and workflows and generally ensures peak warehouse and distribution center performance.



8 Use Parallel Communication Systems

Effective communication is critical to efficient warehouse operations, so it's imperative that managers provide all necessary information about each pick ticket or shipment to warehouse and distribution center employees. Use multiple channels of communication (phone, text messages, system alerts), standardize messages, and designate a point person to respond to employees' questions to ensure effective communication.



9 Invest in Your Employees

Technology is only as effective as the people using it, so invest in comprehensive training programs to enable employees to use systems with success. Encourage learning with reward systems to encourage mastery, innovation, and efficiency. Run pilot programs and solicit feedback from trainers and trainees to ensure the efficacy of training programs.



10 Continuously Improve

Businesses ecosystems and trends are constantly changing, therefore the warehouses and distribution centers that support them must change as well. This means continuous adaptation and improvement are required. Create a regular evaluation schedule to review processes, procedures, and layouts to decide what changes to make in order to continually improve operations.



If you're looking for more great ways to improve warehouse efficiency contact your Sage Partner:



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