

Fall 2004

Steps to Success With Your WMS Implementation

Message from the President

Our world is always changing. However, one thing is constant: companies focused on increasing profits and shareholder equity are always seeking ways to contain or reduce costs. At enVista, we align ourselves to echo these business requirements, maintaining our focus on providing high-quality professional Logistics Cost Management services.

I thought it was interesting that President Bush used the theme of *humility* to express how he plans to reunite this country. *Humility* is often regarded as one of the most important qualities of a leader.

I recommend two books that reinforce this point; (1) *Good to Great*, and (2) *Teach Your Team to Fish*. At enVista, *humility* and *integrity* are at the core of everything we do.

Moving forward, the 2005 horizon looks very promising. Let's Make it Happen!

Jim Barnes
President & CEO
enVista

The success or failure of a WMS implementation can dramatically affect a company's bottom line margin and market share.

How can you make sure your WMS implementation is one of the successful ones? Obviously, selecting the right software product and implementation partner is the first step, but there is more.

Many elements make up a WMS implementation, and some of these occur simultaneously throughout the implementation. Success is determined by how well a company manages the entire implementation process. In fact, a WMS implementation can not only be successful, it can exceed expectations by following a few simple, yet important steps.

Let Operations Own the Project

You shouldn't rely on your software vendor or implementer to own your WMS project. They will play a key and vital role as both plan developer and implementer. However, only you know the ins and outs of your operation better than anyone, and you are its most important advocate. By taking ownership of the project, you will ensure that your company's goals and objectives are always met.

Since your new WMS will run the overall distribution operations, the operations side of your company must be the internal owners of the project. Operations staff should be directly involved in how the system will function and what processes and procedures remain in place.

The IT side of your company should play a key support role in the overall implementation. They should be used as advisors for hardware configuration and setup, and will most likely have responsibility for integrating the new WMS with your host system and other internal systems. You should also plan

to have your most knowledgeable employees (not just department managers) heavily involved in system setup and testing.

Get Commitment from All Levels

A project of this size and scope must have support from all levels of the company. Executive buy-in and sponsorship are key to securing the resources (personnel and financial) to successfully complete a project of this magnitude.

The project team usually includes the project manager and the key users of the system. By giving them ownership of the project, you help to make sure they put forth their best effort.

However, one of the most important commitments is that of your end users, and you must get their commitment early in the process. By involving the users right from the start, you give them a chance to suggest options and processes. Early involvement helps the users feel they have a voice in this change and goes a long way toward acceptance of the new system.

Build a Trusting Relationship with Your Vendor

When choosing a vendor to partner with for your WMS implementation, look for one with experience. You also need to select a partner with whom you have a high level of comfort and trust. With trust, open dialogue is encouraged, leading to faster, sounder decisions and ultimately to a more successful project.

Set Clear, Correct Expectations

In order to minimize the effects of the change, state your expectations clearly and early, and repeat them often. With clearly stated expectations, you are more likely to get buy-in from everyone affected by the implementation—from executives and floor personnel to vendors and customers.

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The Oracle Speaks... Improve Your Dock Management

My name is Isaac Edwards (IE), the new industrial engineer for a mid-market, multi-channel specialty retailer. Our distribution center fulfills catalog, e-commerce and retail orders. My boss, Mr. Bosswick (The BOSS), directed me to improve our facility's dock management. At first I was overwhelmed and unsure where to start

At my past job my mentor, Mr. Oracle (The ORACLE), told me that prior to starting any continuous improvement project one should perform the **"Three Actuals:"**

(1) document the actual process from start to finish, (2) go to the actual place and observe it, and (3) talk to the actual people who perform the process.

I spent the first week on the distribution floor documenting the processes, developing flow charts, and validating the processes with the receiving and shipping personnel.

Our facility is 180,000 square feet with eight receiving docks and six shipping docks. We pick product by various methods and use a variety of storage mediums. We use a Warehouse Management System (WMS) to release multiple order types and to receive product.

My review process revealed a receiving dock area lacking appropriate staging space, and inbound trailers sitting in our yard.

The ORACLE once told me that most companies do not provide enough staging space for receiving. A minimum of 60 feet is needed from the dock leveler to the first cross aisle, providing an eight-foot cross aisle between the dock leveler and the first staged pallet, plus additional room to stage and receive 24 (48" x 40") pallets.

We typically receive fewer than 24 pallets per load, due to LTL carriers. So, I proposed to split the staging lanes into two separate staging locations per dock, allowing us to round-robin our unloading and receiving.

I found out that our freight is delivered in an inconsistent manner—some days it is 18 trailers, other days it could be 10—creating chaos in the receiving area. Our freight forwarder managed inbound freight, but didn't provide any visibility into inbound shipments.

I called The ORACLE for advice. He told me that we should develop an inbound shipping schedule based upon the number of cartons/units required to meet outbound demand.

One way to control fluctuating inbound carton demand is to provide the merchants visibility into open purchase orders, organized by delivery date. Then set a maximum number of cartons/pallets per day, and use the freight forwarder to buffer inbound volume with their reverse pull points. Reverse pull points are consolidation terminals that carriers use to consolidate inbound, less than load (LTL) to full trailer load (FTL).

We also discussed giving our freight forwarder the ability to schedule trailer and dock appointments using our WMS, since they had all the information needed. This way we wouldn't bring in \$100,000 of merchandise a day when we were only selling \$80,000. We just need to balance the flow of inbound with outbound and use the distribution center to buffer the variation.

The ORACLE always told me that "things that are measured are things that get improved." So we required key performance metrics: cartons unloaded/man hour, inbound trailer turns/hour, and open purchase order dollars unloaded but not received.

The Oracle Says,
Perform the
Three Actuals:

Document the
actual process.

Go to the
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Talk to the
actual people.



A simple calculation determined the number of trailer appointments per day. An eight-hour day, divided by two hours per trailer, equals four trailers per dock door. With eight doors, it equals a total of 32 trailers in one day. But, the inbound supervisor told me her best day was 24 trailers. In addition, our carriers were showing up at our dock whenever they wanted to.

We decided to take a disciplined approach to managing the dock doors. We used our WMS to schedule inbound appointments in two-hour increments. We gave carriers a one-hour delivery window and receiving teams a standard of 30 minutes to unload, palletize and stage the freight. If the carrier did not show up on time we would have to turn them away.

I also suggested that we develop dock work teams that consist of four to six associates. Team members would be cross-trained in off-loading freight, staging, palletizing and receiving; with individual and work-team standards.

Next, I used the same continuous improvement and strategy methods to improve outbound dock management.

Our outbound processes are more complicated than the inbound. We have a fixed store delivery schedule (multiple stops per route) and a large volume of parcel shipments each day.

I needed outbound data, including total number of cartons per day, by carrier and by order type. Most of the information was in our WMS and Parcel Manifest System. We ship to 24 stores a day with an average of two stops per route (12 departures each day). The shipping schedule was based upon a required departure time.

This made perfect sense, but something seemed out of place because our docks seemed so disorganized.

I closely observed the working methods of the associates. People were busy, but there was chaos on the outbound docks and we were missing our departure times. We were also using pallets for everything, instead of live loading our cartons.

There was no real plan to get our retail cartons to the dock door in an effective and efficient manner.

One simple fix was to allocate and spot trailers by size the night before, giving us room to load our freight immediately. This helped, but didn't solve the problem.

I also spent some time with the wave planner who manages and releases the work to the floor. He was releasing the entire store order (distro), causing an imbalance in the number of cartons destined for the docks. After analyzing the number of cartons by zone, by store and route we determined that we would now release our picks by zone. We also applied stripes to our trailers to identify stop and pick zones. This increased both picking efficiency (less walking) and the flow of cartons to the docks.

The improvements postponed the need for an automated outbound sortation system.

Finally, our dock area for parcel shipments was cluttered. Our parcel shipments are cyclical; the busiest shipping day being Monday and the largest volume of parcels processed between 2:00 pm and 4:00 pm.

The ORACLE says not to simply use averages to design conveyor systems, but to determine throughput based upon one to two standard deviations from average.

Our conveyor was undersized because it was based on average cartons-per-day, as opposed to cartons-per-hour at peak. So, we had to retro-fit the conveyor motors and gears to increase our throughput.

Ultimately, we decreased our dock congestion by fluid loading our parcels on to the parcel carrier's trailer.

By using the simple practices of documenting and observing, I was able to gain valuable information about my company's inbound and outbound practices and make valid, constructive changes that have improved our dock management processes on both ends.

Look for Part II from The Oracle in the next issue of enVision.

New Clients

Devon Publishing Group

Hershey Foods

Marathon Distribution

Milliken & Company

Odyssey Group

Small World Toys

Synapse Micro

Thomas Nelson Publishers

Warner Music Group

Webb Mason

Worldpac

Events

ProMat

Chicago, IL
January 10-13, 2005

NCOF

Grapevine, TX
April 4-6, 2005

D/C Expo

Chicago, IL
May 17-19, 2005

Speaking at D/C Expo:

Jim Barnes on
"Is Your Warehouse
Synchronized"
May 17.

Shipping Tips

Bumping

Are you shipping articles for which the freight classification is based on the density of the product? Products such as foam padding and very light bulky plastic articles are two examples. If so, you may be able to take advantage of a provision in the tariff rules which allows for a process known as "Bumping" – the artificial construction of density. Bumping is the declaration of an artificially higher weight on the original bill of lading, causing a higher density. This allows the article being "bumped" to qualify for a lower classification rating.

Bumping may allow you to reduce your class from 300 to 250, for example, which could result in significant savings.

The key is to determine the rate per CWT for each classification and calculate the net charges based on a higher total shipment weight.

When the shipment weight borders on the upper level of the weight required to increase the density parameter to the next lower class, then the shipment weight should be artificially increased to take advantage of this tariff rule.

Steps to Success (continued)

However, realize that some resistance is inherent in a project of this scope and magnitude. The best method to manage such resistance involves creating a change management plan that encompasses communication plans, readiness assessments, contingency plans, coaching plans and guidelines for building sponsorship. Be sure that you communicate the appropriate messages to the appropriate stakeholder groups clearly and frequently.

Utilize a Proven Methodology

An experienced implementer will know what works and, as importantly, what doesn't work in a WMS implementation. Trust your implementer to develop a methodology with proven processes and procedures.

The methodology should include clearly defined roles and responsibilities, as well as a detailed budget and project timeline. In addition, every phase of the project should be signed off by the key team member on both the client and implementer side. By assigning ownership to each party, you ensure that each phase is as successful as possible.

Build a "Solution" Design

This phase is the most important one of your project. You are not implementing just a system or a material flow. Nor are you only implementing a facility design. You are implementing a solution. No one thing is more important in this process than the other. The design should consider all these facets to produce the best possible solution for your business. By using the strengths of each of these to get the design right you will set the stage for a successful implementation.

You Can't Test Enough

Test. Test. Test. You can't overdo it. Full integration testing and user acceptance testing are equally important. You must make sure your system works end-to-end with all other systems. Perform volume testing to see if the system can handle the daily peak volumes of the operations. Test your users. They must accept how the system works and use it correctly.

Remember, don't fall prey to thinking that if you are using a base package without modifications, testing is not needed. There is not a single implementation that doesn't require thorough testing of every component.

In addition, be sure that when problems are encountered, you keep testing until the issue is resolved. Even so, some issues will arise after go-live. Don't fret over these. Minor issues are to be expected in any implementation. Having the proper support team in place to react and correct these issues quickly is essential.

Training Makes it Work

Ultimately, your system performance rests on how well your users use the system. Yet, most implementations fail right here.

A "train the trainer" approach is an excellent method. It involves training key personnel as "key users" who, in turn, train other employees. These key users are on hand long after the vendor and integrator has gone home, and they will be capable of answering questions that crop up as users continue to grow familiar with the system.

Also, it helps to know that adults learn best by repetition. Your users should practice with several different scenarios and repeat their exercises several times before, during and after implementation.

You'll also want to customize your training program so that employees learn the system as it relates to their specific job functions.

Looking Good

A WMS implementation involves considerable time, a financial investment, continued communications, and quick resolution of problems that arise along the way. But, more importantly, it brings greater efficiencies, and likely greater profits. If you follow these keys steps, you can ensure a successful implementation for your company too.

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