

Viewpoint

Avoiding WMS Disappointment:

Eight Steps to Take Before Implementing.

Is the implementation of a new warehouse management system (WMS) on your horizon? If so, don't rush to implement a WMS before solid planning occurs and operational best practices have been defined. The full benefits of a WMS will not be realized in a poorly planned and run warehouse.

The most successful WMS implementations occur with companies that first take the time for proper planning and then undertake a best practices effort before starting IT efforts. A few fundamental questions are: Is the product being moved and stored in the most efficient manner? Is your space maximized? Is warehouse labor being utilized most efficiently?

Here are eight "tried and true" steps that will maximize your potential for a successful WMS selection and implementation.

Step 1:

Establish a Cross-Functional Project Team and Set a Timeline

Your cross-functional team should consist of warehouse, information systems, engineering and accounting personnel. You may consider bringing in outside expertise if internal resources need bolstering. The team should be limited to around five members and will establish objectives and priorities for the development of warehouse best practices. A realistic schedule for the project should be established taking care to avoid seasonal pressures.

Step 2:

Define Current Warehouse Operations

The following is a starter list of data to be obtained and analyzed.

- Inventory and order profiles
(i.e. metrics such as lines per day, lines per order, inventory levels on hand, operating costs, etc.)
- Projected growth, new acquisitions, etc.
- Receiving and shipping requirements
- Storage and throughput requirements
- Control system requirements
- Operating procedures
- Present warehouse layout
- Unit load definitions
- Economic evaluation criteria and factors
- Present storage, picking and packaging procedures
- ABC analysis
(velocity movement of product by number of times picked)

Step 3:

Identify and Evaluate Alternative Warehouse Practices

Given the current operations established in Step 2, facility layout, material handling, storage and systems should be evaluated. Question your methods of receiving, storing, picking, packaging and shipping, along with the quantity of SKUs (stock keeping units) and locations.

Creativity, innovation and practicality should be used when making your plan. Be open to the introduction of new operational processes and material handling systems.

Next, define the investment, installation and operating costs for each alternative practice. Evaluate and select the warehousing best practice based on overall quantitative/economic and qualitative factors. Qualitative factors include flexibility, expandability, safety, security, integration and ease of implementation. Your cross-functional team will be invaluable here to weigh the options of each factor.

Step 4:

Specify the Best Practices and Create a Roadmap

The selected warehouse best practices should be developed into a plan. Your plan must clearly define material handling, storage and inventory control systems (i.e. WMS) based on the reasoning from steps 2 and 3. A detailed document must be created and will become your roadmap. It will also be extremely helpful if the team is required to present their recommendations to senior management.

Step 5:

Establish a Bidder's List

Time will be required to research and evaluate potential vendors for your new systems. Here is where a third party can help you cut through the dozens of potential vendors and define a "vendor short list" that best meets your high level criteria. I suggest keeping your qualified list to two to four vendors.

Step 6:

Develop and Release Equipment and System Functional Specifications /RFP

An equipment and system functional specification is a document that clearly and logically defines the required functionality and bidding process for equipment and systems. This document ensures an "apples to apples" comparison with each vendor providing an equivalent level of functionality for the price quoted. It can be prepared by you or a third party representing you. Vendors will respond with a proposal that addresses all areas of the document.

An RFP should include the following topics:

- Operational / functional requirements (ie. capacities and throughput as well as specific receiving processes, order fulfillment requirements, etc.)
- Technical requirements such as ERP integration, interfaces to MHE and communication protocols
- Software and hardware requirements (ie. canned reports, required hardware and performance levels
- Financial requirements (ie. licensing, implementation costs, maintenance, etc.)
- Specific client requirements (ie. training, terms and conditions, schedule, etc.)

Step 7:

Evaluate Vendors and Make a Selection

Your cross functional team or third party selection resource will evaluate each vendor response for the "best fit" to your roadmap. Vendors are generally given 2-4 weeks to respond to an RFP and it may take another 2 weeks for your team to review the responses. Reference checks and site visits are a must during this step. A scorecard should be created to track each vendor and permit a quantitative means of analysis for vendor selection.

Step 8:

Review Your Roadmap in Light of the Selected Vendor/Review Conceptual Layout

You may need to revamp your initial roadmap and redesign your conceptual layout based on the selected vendors' feedback or limitations. Care must be taken here to ensure your facility will support the new systems - you cannot design in a vacuum.

Layout the facility to maximize storage and minimize congestion. Show details and dimensions on the layout for items such as staging lanes, aisles, section views of storage equipment, forklift maintenance areas and lighting requirements by area.

Once these eight steps are completed, your team is now ready to consider implementation planning and execution.

This year, many companies will determine that a WMS is required to help take them to the next level. Indeed, an optimized WMS will play a key role in allowing a company to better manage warehouse operations, reduce errors, increase space utilization and decrease labor costs. However, a WMS is sure to cause disappointment and finger pointing if it does not deliver.

Take the time and effort to properly plan for the new system, define best practices and then act on them to maximize return on investment.

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