



Total Logistics Solutions, Inc.

7 Steps To A Successful WMS Systems Project

Your guide for avoiding the
pitfalls while searching,
selecting, implementing, and
maintaining a Warehouse
Management Systems
project

By Total Logistics Solutions
"We Have The Solutions Your Business Is Looking
For"

INTRODUCTION

Every new project has a new set of opportunities. These are things most people refer to as problems. Finding, implementing, and maintaining a system are a few. And when it's all said and done, you sometimes wonder was it really worth it. It feels like everyone is constantly watching and waiting for a reason to say, "We told you it would screw everything up". Well this doesn't have to be the case.

- A lot of projects fail to even get off the ground. And a lot of the ones that do, experience so many problems that the finger pointing begins before it reaches its potential. Then it's shot right out of the sky. Why! Why are so many companies unsuccessful at implementing WMS systems in particular? Because, "it's only for the warehouse!" The warehouse is normally viewed as an expense and not an asset.

If the system doesn't work as advertised no one wants to be responsible. Then the warehouse supervisor is left out in the cold. And for some strange reason he is expected to make a square peg fit into a round hole. Everyone on the outside looking in wonders why is the warehouse having so many problems, why do we have so many customer complaints after implementing the system that was supposedly sent from heaven to save us. And why do we have so much turnover? It's simple: everyone thought they were merely implementing a system, when they were really taking on a project.

Your warehouse is an extension of every department within your company. If purchasing orders too much product, who has to deal with it? If customer service promises a customer he will receive his order tomorrow, who has to deal with it? If accounting receives an invoice from a vendor that doesn't match the receipt quantity, who has to deal with it? With your warehouse being an integral part of the company, why do we not involve more departments in our WMS projects. Because with all the teaming taking place the warehouse is still viewed, as it's own entity.

These seven steps are not going to cure all of your problems. But they will prevent your project from taking a deadly turn.

Sincerely,

Rene' Jones

Total Logistics Solutions, Inc.

TURN YOUR WAREHOUSE PROBLEMS INTO

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Step #1

Cost Justify the Project.

This is normally the easiest part of the project because it must be completed before upper management will even talk about spending the money. The problem is the justifications are normally the obvious things: labor reductions and inventory accuracy. After those most people say, "what else is there."

- ❑ **Space optimization**-This is my favorite! WMS systems can dramatically reduce the amount of space required to store product. By utilizing dimensional, weight and special handling requirements the system can find the most appropriate home for your product. Thus, reducing the amount of wasted storage space in your facility. How many different racking configurations are there in your warehouse? Is your facility bursting at the seams? During the setup process "Cubing" is not something that should not be overlooked.
- ❑ **Reduction in Inefficiencies**-Why do you see warehouses with state of the art systems continue to have the same problems after their implementation. Because most companies don't take a serious look at their procedures. So they automate inefficient processes. When done correctly, any problems should not be carried over to the new system, they should be eliminated.
- ❑ **Cycle Counting**-To a lot of people cycle counting is the wave of the future. To the rest of us cycle counting is something we can not do without. WMS plans, directs, automates and even interleaves CC into your everyday activities. It simplifies a process that was once viewed as mystifying. And performed correctly should improve inventory accuracy in a short period of time.
- ❑ **Better control**-Warehouse supervisors should be placed on everyone's shoulders at the end of each day. Similar to the way a coach is carried off the field after winning a big game. Our warehouse supervisors win at the distribution game everyday. They solve problems, put out numerous fires, baby-sit and ensure exceptional service to our internal and external customers consistently. WMS allows them the time needed to manage your processes, instead of searching for stock and putting out fires.

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- ❑ **System confidence**—How much time is spent manually checking for an item that your computer tells you is there. How much padding have your buyers added to your “Safety Stock?” How many times have your sales people said, “Let me check and I will get back with you?” Warehouse Management Systems build confidence not only in your system but also in your warehouse. Therefore eliminating redundant tasks.

- ❑ **Customer service**—Often overlooked, is the number one reason for improvement in any area within your company. Without customers we have no reason to improve. So, if your WMS can improve the accuracy of your inventory, your response times, provide you with a better utilization of your warehouse space, and eliminate your inefficiencies, you would be more inclined to show off your warehouse to your customers. Because remember every time your customer visits your Will Call or receives a package, “that is a sales call.”

Now think about what benefits you are expecting to receive by implementing a warehouse system. How soon are you expecting a return on your investment? What goals are you setting so you can quantify the improvements?

Step #2

Select a "Cross-Functional" Implementation Team.

A lot of people ask why is this necessary, this is a warehouse system not a sales or purchasing system. Your warehouse is an extension of the other departments within your organization. Believe it or not, everyone will be affected by your project: purchasing, order entry, accounting, and IS. Each department does not need to have representation involved but they should be kept abreast of how the project is going.

Because the potential for problems is greater in some areas over others: purchasing, sales and IS should be intimately involved from day one.

Purchasing - Their involvement is critical for the setup, receiving, and cycle counting functions.

1. During the setup dimensional information will need to be gathered, box quantities and reorder quantities will also be needed to accurately cube your facility.
2. They must also have some knowledge about how the receiving and putaway functions operate. If you have a normal item which requires two pallet loads of space, based on demand and it's cubic information. Your buyer needs to understand that buying ten pallets because the vendor allowed the freight is not always worth it. You tie up locations that might be needed by other products.
3. When profiling items for cycle counting whom better than the buyers to assist you with the criteria needed for querying information from your system. Just because an item is not a fast mover doesn't always mean you don't want to count it. Your purchasing department should be there ready to make those decisions.

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Creating a Cross-Functional Team (Continued)

Sales - Their involvement is crucial in preventing customer complaints and developing your procedures.

1. Your first line of defense is the sales department. Who knows more about the customer's needs? They can provide you with critical information when establishing priorities for orders and developing terminology for your ship methods. After all, they are the ones that will be entering this information. If they are involved from the beginning you will not experience many order entry errors.
2. All of your returns will be processed through your sales people also. Customer Returns, in a lot of cases, are the number one cause of inventory problems. This allows them the opportunity to see first hand how problems start.

(IS) Information Systems - They have to make it all work. Without IS your project is all for naught.

1. They should have a working knowledge of what is going on. They are the ones everybody is going to be searching for to solve their problems. So when a picker says, "I was in the go-to screen", they will at least understand what that means. I also suggest having the IS representative attend your procedural training. This will also give them more appreciation for what is being done.

With these three departments involved everything should be covered. However there are some potential downfalls to involving other people, egos tend to get in the way. Everyone's problems become everyone's problems. Depending on how early in the project the team is formed you should be able to sift through what are opportunities and what is a once a year occurrence.

Forming a cross-functional team also allows everyone to experience what everyone else has to go through. There is a better understanding of the internal supply chain and how critical each link is. Who will be on your team?

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Step #3

Certify Your Vendors

Many companies are strong at selecting the right vendor. I think it has something to do with the amount of money that needs to be paid out. However, even though this could be viewed as a strength, it could also be viewed as a problem area.

What caused you to search for a system? Lack of quality in your systems and processes. When we discuss with the potential vendors the goals of the company, quality is often mentioned. When we inform our people about the reason for upgrading our systems and processes, it's because we are a quality organization. But when we make our final decision its based on what, "PRICE".

One of our former presidents Ronald Reagan said, "Excellence is not something you buy today and it's yours forever. Excellence is like insurance, you have to continue to pay on the premiums for the life of the policy in order to receive the full benefit in the end." Today in business, more than ever, this is true. Paying the initial cost of a project is the easy part. It's the continuous improvement way of thinking that is reshaping the how we get our product to the end user.

Develop a certification checklist. It's easier to justify spending more when you know you are comparing apples to apples.

Step # 4 Sell Your Project.

Have you heard the one about change? “The reason people are resistant to change is because it forces them to think about what they are doing, they can no longer operate in auto-pilot mode.” Change is something that is not easy to accept. That’s why any new project needs to be sold to the employees that will be using it. Especially a warehouse project.

As previously mentioned, what your warehouse does affects other departments. The personnel in those other departments probably have friends that work in the warehouse. When you mention automation, the first thing people think is “am I going to lose my job.” So they begin speaking to other people about how this new system is hard to work with, and there are always problems. The next thing you know everyone in the company thinks the new system was a waste of time. Then they begin looking for faults from their side. Now, that same customer you were trying to service better is telling you, “everything was okay until you went to that new computer system.” Doesn’t that seem stupid? How many times have you seen it happen? In order for a project to be successful the users have to believe in it.

Once the decision is made to automate, begin your marketing campaign. The same as if you took on a new product line. Think of it as “internal marketing.”

Conduct an introductory meeting explaining the features and functions of your new system.

Once your live date is established schedule periodic meetings showing everyone the progress you are making. You do not want to tell everyone about it and a year later tell them next week you are going live.

Conduct a few individual meetings by department. This gives them a chance to discuss the opportunities they see. It gives you a chance to see who might be a little more resistant to your new system. Allow that person to participate in some of your round table discussions during the procedure review process.

Distribute a memo explaining this is not an “automate then right-size project.” You do not want them thinking the faster the project ends the sooner they are out of a job.

Allow people to participate and provide input. This will allow them to take some ownership of the project. I read somewhere, "even when experience is a good teacher, it's still a private tutor."

Your campaign will seem futile in the beginning but it will pay huge dividends in the end. Since we can not force people to change, we have to allow them to think it was their idea.

Implementation Date _____/_____/_____

Kickoff Meeting _____/_____/_____

Initial Warehouse Meeting _____/_____/_____

Initial Sales Meeting _____/_____/_____

Initial Purchasing Meeting _____/_____/_____

Periodic Meeting Schedule:

Topic	
_____	_____/_____/_____
_____	_____/_____/_____
_____	_____/_____/_____
_____	_____/_____/_____

Step #5

Review Your Procedures

No one step is more important than another, but this is a big one! WMS is normally looked at as a systems implementation, which it is not. It is a warehouse systems project. Being a project it allows us the opportunity to address everything we always said we would but never got around to. I like to use the analogy, "Would you put clean clothes on a dirty kid?" Then why would you implement a system without addressing your current problems and future needs?

Your procedures such as picking, receiving, cycle counting, packing, order entry, purchasing, processing returns and will call will all be affected by your new project. So shouldn't you address all of those areas and more? By not doing that you will simply be automating inefficient procedures.

1. Create a master procedure sheet.
 - Show all of the procedures that need to be addressed.
2. Analyze the procedures.
 - Are the procedures documented?
 - Are the procedures workable with the new system?
 - Is there a need to create a new way of performing any task?
 - Keep track of the procedures that need to be re-done.
3. Recreate any out dated procedures.
 - Phase three should not be performed until after step #6 of this document.
 - Involve the necessary personnel. If the procedure is picking, who better to get feedback from than a picker?
 - Document the new procedures.

This is a step I don't think should be overlooked. It is not as complex as the others are but because of time constraints it very rarely happens. It prevents you from wondering why you continue to have problems after the implementation.

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Step #6

Develop Acceptance Test

How many times have you been to someone's house and 12:00 was blinking on the VCR. Is it because it doesn't work, maybe they did not receive a manual, or maybe they didn't want to be bothered with reading the manual? Does the clock hurt anything, no! If you had spent the same amount of money on your VCR as you did with your warehouse management system would you have set it? In some cases yes, but a lot of times it's the same.

These systems come with quite a few bells and whistles. Do we need all of them, probably not? Nonetheless, the ones we do need should be tested. They probably work as advertised, but whom will you blame when something does not, the software provider? Who will your customers blame when they were promised product on a certain day and it did not arrive? You! Or will you tell them the system is screwed up. One thing I've learned is "You don't know, what you don't know." When dealing with software you want to test everything of relevance. Deal with the "once a year" occurrences during your live week, not the essentials to operating day to day.

1. Gather your lists from the previous step.
2. Document any and all procedures/programs you think should be tested.
3. Test each procedure/program step by step.
 - Keep track of any procedures/programs that are not working correctly.
 - Determine which items are a must have before you will go live. This will put pressure on both you and the software provider to correct them in a timely manner.
4. Once those items are corrected perform re-test.
5. Document all of the procedures.

By documenting the procedures it will provide a base for your training program. Testing will prevent any fatal shortcomings during your live week.

Step #7

Develop Training Programs.

This step is a no-brainer, “Trained people make systems work”. Provide yourself an adequate amount of time to train your personnel. Training is something we take for granted. We normally place new employees in the care of employees who have been with the company for a while. This allows our new employees the opportunity to pick up that person’s bad habits.

Documented training programs prevent this from happening, if you have a good trainer. The documentation restricts them from interjecting their way.

1. Gather your documentation from the previous step.
2. Separate the information into need-to-know blocks. In other words, a picker does not need to know how to receive and so on.
3. Determine who needs to learn what.
4. Determine the class size.
5. Create your training material. Just because you have a procedure on how to pick an order, does not mean that’s the way it should be taught.
6. Allow time for classroom instruction and hands on time.
7. Have each employee complete a critique of what they learned. Some may not have much to say, but you can learn from the vocal ones.
8. Repeat the training as many times as needed until you have a core of employees everyone can feed off of.

You are ready to go live. This is not everything you need to know for your project. Every implementation and system is different, along with every organization. These are merely seven crucial steps to ensure you are headed down the right path.

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Total Logistics Solutions, Inc. is a consulting firm for improving warehousing operations through people, material handling, inventory, and technology.

- **Software product “Cuber”** for product profiling & slotting optimization.
- Packages that allow you to improve your warehouse. Such as:

1. WMS 101

This package walks you through Analyzing Your Needs, Cost Justification, System Selection, Pilot Testing, and Implementation. It is the most comprehensive package of its kind.

2. Inventory Control

This program answers the following questions: Should you cycle count? How often should you Cycle Count? What skills should your Inventory Personnel should have? Also covered is how to prepare for a Physical Inventory, how to perform an Inventory, and a Job Description for your Inventory Personnel. And much, much more.

3. Picking

Learn the differences between Wave, Order, Zone, and Cluster picking. Find out what pickers should look for when picking orders and what steps to take when the inventory is inaccurate. A Job Description.

4. Receiving

Learn why receiving is the most important function within your warehouse. Learn what positions should be held before a person is promoted to receiving. Find out how to reduce receiving errors.

5. Returns

Now known as, "Reverse Logistics." This process is so complex, companies are contracting it out. This program breaks it down to a simplistic level. We will uncover why the return hits your dock but is not received, then is later misplaced.

6. Transportation Management

What is an FAK? When should they be requested? What is an NMFC? Do you need one? Freight is a moneymaker for some companies, learn the tricks of the trade. This package also includes tactics on negotiating better freight rates.

7. Quality Control

Catch mistakes before they happen. Learn how to audit critical areas within your warehouse. Find out why having a quality program prepares you for ISO certification and WMS implementation.

8. Relocation

Learn how to utilize your warehouse space more efficiently. This program will teach you how to cube your items to gain the most from your current location and to correctly layout your new facility. Find out some of the pitfalls of relocating a distribution center and how to avoid them. Plus receive a things to do checklist so that nothing slips through the cracks.

9. The Changing Role of the Warehouse Supervisor

This package outlines the role of the warehouse supervisor. It covers all of the disciplines needed to succeed in the warehouse.

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