

7 Ways to Immediately Increase Order Fulfillment Speed

Keeping the Customer Satisfied in an Age of Increasing Demand

Understanding the Need for Speed

Although "the customer is king" is an age-old caveat in the business world, the advent of the Internet and rapid emergence of e-business has put customers in a new and even stronger position—a pedestal from which to dictate their expectations to businesses to a degree that was previously undreamed of. By doing away with geographic barriers and being available 24/7, the Internet and the e-business model have promulgated an environment of unprecedented choice, access, and above all speed. The result has been to elevate customer satisfaction to new heights, in terms of both strategic importance and tactical demand.

Customers want what they want, where they want it and when they want it. If an enterprise can't meet these requirements, they'll find someone who can—just a mouse click away.

This turn of events presents both a challenge and an opportunity for businesses. By raising the bar in terms of performance requirements, the upsurge in customer expectations also raises the potential for the acquisition of revenue by those companies committed to achieving world-class performance. Having the capability to fulfill orders faster not only means securing and enhancing brand awareness and preference; it also has a strong bottom-line element. By being able to turn orders faster—that is, by reducing the cycle time from customer order to delivered goods—companies can handle more business and can grow their top-line revenue without disproportionately increasing investment in the cost of doing business.

How does a company go about ratcheting up its order-fulfillment speed? When the entire order-fulfillment cycle is examined, a series of practical steps that can turbocharge the order-fulfillment process become apparent. Before these steps can be taken, however, a company must recognize at its highest management levels that speed of response is the strategic key to success in today's business world. Without that initial recognition, the subsequent steps will most likely never be taken.

Start Your (Fulfillment) Engines

The steps suggested below are by no means exhaustive; they are simply the most obvious changes that an enterprise might make to accelerate its order-fulfillment operation. Before undertaking any such changes, however, a thorough and dispassionate review should be made of your company's current order-fulfillment practices—in order to identify the issues that need to be addressed.

1) Integrate Your Systems

One of the most common impediments to rapid order fulfillment is the lack of integration between disparate computing systems that are used in the process. A recent survey revealed that more than 90 percent of all orders placed on the Internet end up being re-keyed into at least one other system. The result is increased manual labor, a greater opportunity for error and inaccuracy, and the establishment of a built-in "time gap" within the order-fulfillment process.

By integrating all elements in the process, companies can reduce manual labor—or reallocate it to tasks that will further speed fulfillment—while eliminating input errors that are costly, time-consuming, and destructive to customer satisfaction. The return on integration investment is typically fast; and the ongoing improvement it affords in order fulfillment powerfully supports the company's relationship with new and existing customers.

2) Automate Your Picking

If a company's picking processes are paper-based, numerous ways are available to automate those processes for greater order-fulfillment speed. The two primary methods are material-handling automation and RF-directed picking. Material-handling automation techniques such as carousel, conveyor, and sortation systems have been shown to effectively increase throughput by breaking up order-fulfillment work into more manageable steps. RF-directed picking saves time by instructing workers on where to find orders to be picked. It also allows more effective batch picking by enabling the picking of multiple orders simultaneously. In both cases, automation technologies appreciably speed the order-fulfillment process; and quickly pay for themselves in terms of increased throughput capacity and greater customer satisfaction—which, in turn, leads to repeat business and larger orders.

For those companies that choose to wait before incorporating automated picking technologies, forward picking processes offer a means of speeding order fulfillment without adding automation. By using existing systems to identify the items that are moving the fastest, companies can then move or "forward" such items closer to shipping areas—providing them with fixed locations for storage. This can cut down on travel time within the facility by shortening the distance between picks as well as the distance from the pick to the staging area for shipping.

A second forward picking option, one that incorporates a degree of automation, is dynamic forward pick slotting. In this technique, the day's orders are examined and analyzed at the beginning of a shift, and items with the highest number of touches are moved forward to slots nearer to the shipping area. Again, this can significantly reduce travel time and labor, thereby increasing throughput.

3) Incorporate Automated Shipment Planning (ASP)

For operations that commonly utilize mixed pallets and packing, automated shipment planning can yield huge gains in order-fulfillment speed. By using advanced fulfillment software to determine optimal stacking and packing arrangements in advance, ASP relieves workers from this complex and often tedious task—and saves the time that's often lost to reconfiguration and repacking as workers "find their way" to a workable stack-and-pack solution through trial and error.

By accounting for the physical characteristics of the items to be picked the physical fulfillment process can easily be optimized. With ASP, workers can pick to a predesignated container, thereby speeding the packing step and simplifying the pallet-building process. As a result, goods get out the door much faster.

4) Automate Shipment Verification

While automation of verification is commonly used to increase accuracy, it can also greatly enhance speed of execution. By using bar codes and scale weights rather than manual or visual verification, the checking step can easily be automated—validating that the containers actually contain what is expected, as well as eliminating both time and expense from the whole picking, packing, and shipping process.

5) Reduce or Eliminate Paperwork

Filling out paperwork is a tedious and time-consuming process. In operations that incorporate a high degree of sorting (e.g., to zones), companies often allocate armies of personnel just to sort

things, a process that may also involve extensive paper documentation—adding hours or days to the fulfillment process.

By leveraging IT systems to automate the sorting process, precious time and labor can be saved. For example, many warehouses still operate with a process that prints tomorrow's orders today; has those orders sorted tomorrow; and only then has the orders picked—often on the following day or even later. By tying their computing system into this process, orders can be generated, sorted, and picked in the same day.

Items like bills of lading are also much more effective when actuals rather than theoreticals are used—thus improving efficiencies throughout the fulfillment process.

6) Source Orders Based on Facility Workload

If a company has multiple warehouses or distribution centers, technology should be used to optimize utilization of capacity. It should also be used to streamline workflow, based on how overall demand impacts workload and capacity in individual storage and shipping centers. An item typically sourced and shipped from Warehouse A may in fact be more efficiently handled by Warehouse B, if Warehouse A is approaching capacity limits and Warehouse B is slow. The idea is to view the enterprise's resources as a whole in order to maximize flexibility, improve responsiveness, and cut order-to-fulfillment cycle times.

7) Incorporate Sales and Marketing into the Process

By collaborating with sales and marketing, a company can price or promote products in a way that speeds the fulfillment process and drives revenue. For example, a company may offer its customers the opportunity to order in any quantity. While customers clearly appreciate this convenience, it can cause efficiency problems in the fulfillment operation by creating extra work (e.g., breaking cases, shipping packages that are less than full, etc.) that causes the company to bear atypical labor and turnaround costs.

By working with sales and marketing to encourage orders that speed and simplify fulfillment (e.g., by offering price breaks at specific quantities), companies can appeal to customers in a way that facilitates fulfillment—saving time and labor while also improving responsiveness.

Checked Performance or Flag?

In the new Internet-driven economy, everything moves faster. Capturing market share today is not about the big vanquishing the small; rather, it's about the fast beating the slow and the accurate beating the inaccurate.

In this dynamic and complex environment, those companies who understand that the imperative to change speaks to the optimization of performance at all levels of the enterprise—on the warehouse floor as well as in the back office—will be much better positioned to succeed.

While order fulfillment may seem a basic operational need of any business, those that are able to meet it with the greatest speed in this age of accelerating demand will have a basic advantage in their race to lead their markets.

You might say it could mean the difference between a checkered performance and receiving the checkered flag.

A Bottom-Line Decision

As AMR puts it in their report: "Reverberating across all industries, through every layer of management, the hum of a finely tuned engine is revving up ..." The question now is not if, but how and when to tune up your order-fulfillment engine.

Companies need warehouse and logistics systems that can handle the complexity of their business at the pace and scope of today's Web-driven business competition. This challenge requires solutions that can provide both real-time information and validation of action—as well as extended visibility into the order-fulfillment process for customers, suppliers, and those within the enterprise.

Even though these systems are not new by today's breakneck development standards, companies that incorporate warehouse management and supply chain execution solutions—in addition to streamlining their current processes—can seize an advantage in a market where many companies are still struggling to come to grips with earlier IT investments, such as their ERP solutions.

To help executives take advantage of this window of opportunity and gain the order-fulfillment speed that they need to succeed, HighJump Software has formed a strategic partnership with leading logistics consultant Tompkins Associates.

The HighJump/Tompkins relationship combines HighJump Software's family of uniquely adaptable and affordable Internet-based supply chain execution and warehouse management solutions with Tompkins knowledge of best practices, logistics strategy, and implementation services.

Together we can empower you with real-time visibility and collaboration across the supply chain, turbocharging your order-fulfillment processes to greater throughput and a shorter order-fulfillment cycle—and generating the bottom-line results you're looking for.

About HighJump Software

Founded in 1983, HighJump Software is a premier provider of the most adaptable, Internet-based supply chain execution solutions that deliver competitive advantage to manufacturers, distributors, e-businesses, and third-party logistics companies.

HighJump Software offers warehouse management, e-fulfillment, and data collection solutions that can be easily and precisely tuned to fit the operational needs of mid-size organizations and divisions of Fortune 1000 companies.

HighJump's supply chain execution systems are in use at more than 700 companies today. Headquartered in Eden Prairie, Minnesota, HighJump Software can be reached by e-mail at info@highjumpsoftware.com; by phone at 877.445.4403; or by visiting the Web site at <http://www.highjumpsoftware.com>.

About Tompkins Associates

Tompkins Associates is the leader in Total Operations consulting, integration and implementation. With three decades of experience, Tompkins provides expertise in Material Handling Integration, Supply Chain Synthesis, warehousing, logistics, order fulfillment, manufacturing, systems implementation, construction services, organizational excellence, quality and maintenance. Tompkins Associates is headquartered in Raleigh, NC and has offices throughout the U.S. and in Warwick, UK; Toronto, Canada; Buenos Aires, Argentina and Monterrey, Mexico. Visit <http://www.tompkinsinc.com> for more information.

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