## Automation and WMS – Is it the right path for you?

You look at the big boys and see the awesome automation in their distribution centers and you think WOW – I want that too! Who doesn't want the best? However, before you go and spend major capital you should ask the question, is it a "nice to have" or a "need to have" and most important, are we ready?

In the United States today you hear about the one (1)-percent of the millionaires billionaires and their privileges. Well, think of the "big boys" like Amazon and Walmart as the "1-percenters" in distribution; they get the best toys. But hold on, you say to yourself, I'm a big boy too. But are you?

How many middle market distribution companies with sales of $100 mm even as much as $300 mm (and more) feel that automation and WMS will fix all their warehouse, distribution and service problems? Not so fast. Believe me, I am not against automation or WMS systems at all. In fact, I am all for it. But you must think long and deep as to what you want to accomplish and what it will cost. The path to get there is not as easy as installing MS Office on your laptop. There are lots of company closets filled with dollars of failed software selection, failed processes and good ideas that went nowhere. Here are some things you need to consider BEFORE you invest your time, money and human capital.

Software

What software will you use? Will you go with the WMS from your ERP provider or will you go out and find a bolt-on systems provider that specializes in WMS? Your ERP providers' WMS may have a better chance of integrating, but is it a convenient "side dish" for them? Or do you go out and find a package where the provider concentrates on WMS? Will you have to pay additional license fees? Is it real-time or batch driven? Is it fully paperless or partial, and do you have a choice to do both? Any way you go, do your homework. Look at all the costs, look at the time and resources you will need. Big Caution: the lowest price is not the lowest cost. Software is just one part of the process (albeit an important one). You will need peripherals like RF scanners, printers, tablets and maybe a redesign of your warehouse racking. There are even sub-choices in each of these. One size does not fit all. Above all, you need time and thought. This is not an overnight process.

Processes

How do you receive, put-away, pick, pack and ship today? It is most likely going to change. Will you go paperless, maybe partial paper? What is your pick process today and have you planned to pick in waves,

zone pick, or pick to label? Will some of your DC's use WMS and others not? You will need to know that going in, because you may be creating two (2)-distinct processes for one company. Have you considered how the system handles cycle counting and inventory control?

Data

Standard warehouse processes on paper require much less data capture and a simplistic version to get the work done. Thousands of distributors operate this way. However, when you move to a system that creates efficiencies and allows the WMS to make decisions, you ABSOLUTELY MUST have exact and proper data, otherwise the real features that you paid for will not work, at least not in the way they were intended. Data includes (but not limited to) product dimensions (L, W, H and Cube); quantity for packaging, (each/pack, inner carton, master carton, pallet and any other relevant dimension for your needs); weight for shipping and quality checks; pick slot capacity (min/max quantity) for auto replenishment; racking design and layout if there are changes in the methodology that you choose. Remember that the information should be in data fields for each package quantity. Otherwise you may have incorrect (or incomplete) information, What I mean is that you cannot weigh or dim one unit of measure and extrapolate it. Packaging and weights are not always in equal measurements when it is packed at the next quantity level. Don't assume that a "widget" that weighs one (1)-pound in the "each" quantity is automatically twelve (12)-pounds for a carton of twelve (12). Or that same widget is packaged at the inner carton or case level symmetrically? Some products may have those characteristics, but don't assume (you know what that does…..).

So, let's get back to the "but I'm a big boy too" complexity. Let's say your company revenue is $200 mm, then you ask, "shouldn't I be big enough for a WMS?". Yes and no and maybe…… the real questions that need to be answered are how many DC's do you have and what is their size (square footage) and the revenue at each DC? Adding automation or a WMS (in any form) requires you to do a needs analysis, the investment in time and money and the ROI. Typically adding systems like this provide cost savings (employee reduction) and helps to reduce errors, increase accuracy and helps to deliver better service. You may have ten (10) DC's and six (6) of those have revenue of less than $5 mm. Do you want (or need) to invest in automation if you get no return, and do you run the risk of not getting buy-in from the staff in the smaller locations? If that facility has 4-employees, are you going to reduce by 1, 2 or none? That should factor into your needs assessment and analysis. Are you a Distribution Center that ships small parcels in a large geographic region (i.e. UPS or FedEx) or, do you have multiple regional "supply houses" that provide "will call" or pick up services, local delivery via LTL or your own trucks? Do you have retail locations that may not require any type of automation? So, I ask, are you really a big boy or a lot of little kids? As you can see, it is not just a cut and dry situation because of your size. Now if you tell me you have four (4)-locations that generate $50 mm each, then the parameters are different, and so is the importance of getting everything previously mentioned in place before you implement the software.

This is not a "be all - end all" cheat sheet or template, but it should help. Every situation, for every company is different. This is to provide a thinking process so that you don't end up with software in a closet. A project requires a needs assessment; money, collaboration and time. Make sure that the users "buy-in" and that you prepare ahead. Don't underestimate the amount of resource time that it takes away from your existing staff when making decisions and the implementation. One thing I can tell you is that if you do your homework, get all the relevant data entered, you will be ahead of the game, even if you don't move forward with the project. Certainly be honest with yourself, and your team and before you move forward and answer the question as to whether it is "nice to have" or a "need to have".