Making the Case for Material Handling
Warehouse Consultants
Warehouse Redesign a Critical Imperative
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Material Handling Warehouse Consultants

Warehouse Redesign a Critical Imperative

As the distribution environment continues to evolve and as customer demands change, the traditional warehouse or distribution center (DC) setup is quickly falling out of favor. In its place, facilities that optimize space, accommodate more product, improve labor usage, minimize accidents, and fully leverage material handling equipment are helping operations work smarter, better, and faster.

Ensuring that every inch of warehouse and DC space is being used efficiently helps to keep these and other challenges in check, but actually developing a plan of action and putting it in motion takes time, money, and human resources that can present a major challenge for any size operation.

The evolution of the digital supply chain and the supplemental impacts of e-commerce and omni-channel fulfillment are pushing more warehouse managers to reevaluate their current operations. As a result, the need for outside perspective and expertise has increased exponentially.

Enter warehouse consulting—a discipline that integrates material handling systems, physical space, and the flow of material from the back door to the front in an effort to create the most streamlined, efficient process possible. These efforts have become particularly critical in a distribution world where demand for rising throughput from customer orders is directly impacting warehouse design and management. Competitive warehousing operations are realizing that they need to alter their facilities and operations to stay ahead. Therefore, these operations are asking their forklift dealers to do more than simply be on site. They are asking them to give an in-depth warehouse consultation and site survey, specifically aimed at operational optimization.
“Through warehouse optimization, companies are making better utilization of physical space while also maximizing their inventory levels and their employees’ time,” says Steve Lowe, vice president of sales and marketing at Allied Toyotalift.

According to Lowe, the benefits of using an outside warehouse consultant to make that happen go even deeper, and include better inter-relationships among employees, floor space and inventory. And because most companies invest much money and time in all three, being able to maximize the return on investment (ROI) in each critical area can lead to substantial savings and improved profitability. “Even more importantly,” says Lowe, “you wind up with much happier customers who come back and give you more of their business.”

**TIME TO RAMP UP**

Consider, for example, the privately-owned paint manufacturer that currently has about 10,000 square feet of warehouse space and wants to add a new trim or wallpaper line to its product lineup. The company has about 60 to 70 different “primary” SKUs that it manages manually without a warehouse management system (WMS). However, the company wants to add 40 to 50 more SKUs over the coming year.

The products are currently stored on pallets, with some of those pallets containing multiple different products—a technique that will become more difficult once the manufacturer begins selling 100+ popular products.

“When you get into the hundreds or thousands of SKUs, the first thing you need is a WMS that can control your warehouse,” says Lowe. A WMS is the system that controls and tracks the location, movement, and placement of all materials in the warehouse. That includes managing inventory, space, capital equipment, and labor (labor management systems are often one component in a WMS).

In addition, shippers need rack, conveyor, dock equipment, automation, robotics, and forklifts that can work in concert to easily manage the flow of materials in and out of the dock door. “That’s where warehouse consulting comes into view, effectively helping companies increase warehouse productivity, improve process efficiencies, and reduce costs,” Lowe adds.

With warehouse consulting services, Toyota Material Handling USA and Toyota dealers nationwide are filling a market gap that operations don’t always have the time, resources, or expertise to handle on their own. Companies can effectively focus on their own core competencies and leave recommendation for space, flow of materials, and equipment optimization strategies up to the experts.

“Companies look to us to make the changes necessary to thrive in today’s evolving distribution environment,” says Eddie McLendon, Toyota Material Handling’s warehouse products territory manager, “and to provide the solutions they need to manage the increasing velocities and demand for rising throughput from customer orders—both of which impact warehouse design.”
Addressing Key Market Challenges with Warehouse Optimization

Today’s warehouse managers must be able to do more with less while keeping employees safe and customers happy.

ASKED TO DO MORE WITH LESS, today’s warehouse managers face a litany of market challenges that are making an impact on everything from order management to inventory levels to customer service. Quicker picking, more “hot” inventory, smaller orders, and the need for greater amounts of order stock (versus traditional reserve stock) are just a few of the issues that manufacturers, distributors, and third-party logistics providers (3PLs) are facing right now.

Concurrently, a reliable reverse logistics process—the restocking and integrating of returns into the warehouse or DC—has become mandatory in the e-commerce/omni-channel environment. These challenges create a “perfect storm” of sorts for shippers that are facing space constraints, pallet and slotting challenges, material handling issues, safety concerns, and an ever-shrinking pool of available labor.

Cumulatively, the opportunities presented by these new challenges are being generated by changing customer expectations. “When someone places an order these days either online or offline, they expect you to have it,” says Steve Lowe, vice president of sales and marketing at Allied ToyotaLift. “Even furniture buyers who want a specific fabric aren’t willing to wait six weeks to get it, and that’s becoming the norm. At most, customers are willing to wait a day or two for their orders, but that’s about it.”

This stark reality is pushing companies to more thoroughly examine their inventory management systems, with the fast-moving items positioned in a way that allows for quick-and-easy shipping. This, in turn, dictates the physical layout of the warehouse or DC, where the products that are in highest demand (i.e., ready to ship in a day or less) must be closest to the distribution area. Those that are only shipped a few times a month, on the other hand, can be situated away from that area.

Rewind about 25 years and the situation was very different. Customers were willing to wait as long as was necessary to get their goods. “I recently ordered from Amazon on a Saturday and had it delivered to my door on Sunday,” says Lowe. “How about that for exceeding expectations? Even crazier is the fact that the product I ordered may have been sitting in a warehouse in Malaysia the week before.”

Increased order demands can require upward expansion and associates going up to pick orders.
“The sooner you bring a professional material handling dealer into the process of designing or redesigning your warehouse the better off you are. We help you determine the safest, most productive equipment and processes needed to get a product in the door, into inventory, and then back out again as efficiently as possible.”

—Steve Lowe, vice president of sales and marketing at Allied Toyota Lift

Your physical space, operators, and specific product being moved will all have an impact on warehouse optimization.

The same expectations are infiltrating the reverse logistics process, where companies need the right warehousing software, equipment, and systems in place to be able to handle a higher volume of returns and exchanges. Add operator efficiency and safety to the equation, and having to make decisions about where and how to reintegrate returned products into the forward supply chain, and it’s clear that the company that’s running its distribution operations like it did in the 1990s will quickly fall behind the curve.

For example, a company may have different forklifts to account for products being received, picked, and shipped at a higher velocity, while a 3PL could be dealing with storage space issues as its operations scale up to handle a market flooded with e-commerce product producers and sellers. Finally, another firm may need more people and forklifts in areas as demand for throughput increases and, in turn, require training on new safety standards and accounting for new equipment.

To overcome these and other challenges, Lowe says that operations managers should focus on three key areas: real estate/physical space; employees; and inventory. Those are the three assets that directly make an impact on your customers and can be optimized by an experienced warehouse consultant.

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Warehouse consultants can help you determine where your equipment fits in both forward and reverse logistics.
It Starts with a Site Survey

If business is brisk, but safety and customer service are concerns, then it’s time to rethink your warehousing and distribution operations.

Once a warehouse consultant comes on the scene at the time and date arranged specifically for the site survey, it doesn’t take long for the problems to come to light—issues that the company itself may have been overlooking for months or even years.

For example, Eddie McLendon, warehouse products territory manager for Toyota Material Handling, says that it’s not unusual to see workers using reach trucks to grab pallets, bring those pallets down, remove products from them, and then try to situate the first pallet back up onto the racking unit.

In these situations, McLendon will usually say, “Have you ever thought about using a different piece of equipment to go up there and pick those orders, as in an order picker?” In most cases, the answer is: “Yeah, but this is how we’ve always done it.”

Those words echo through warehouses and DCs nationwide, and often deter operations managers from making the moves they must make in order to adjust to the changing demands of the modern-day distribution environment. For those companies that do embrace change, a site survey typically starts by inventorizing all forklifts and determining how that equipment is being used in the facility.

From there, McLendon talks to managers about their forklift-related maintenance calls and hours of operation. These two indicators often help identify vehicles that may be obsolete and in need of replacement.

According to Steve Lowe, vice president of sales and
marketing at Allied Toyota Lift, you need to ask at least one important question about your operation: Are we encountering a high number of safety problems?

If people are getting hurt, if products are being damaged, or if there have been numerous “near misses” on the warehouse floor, then there might be opportunities for changes to your warehouse space and storing procedures to be safer. A warehouse consultant may make recommendations about safety during their visit, but conclusions should only be drawn with intimate knowledge of your operation. Only operation managers and owners can make those decisions, but a warehouse consultant can work to answer questions.

“Anytime a warehouse looks ‘messy’ it’s a good indicator of a safety problem,” says Lowe. “When forklift drivers can’t see around corners and workers are stacking pallets all over the floor, your facility is ripe for a site survey.”

Another key question to ask yourself is: Do we have any unhappy customers, despite the fact that we feel like we’re plowing ahead full-steam in our industry? “If sales are up but your customers are unhappy,” says Lowe, “then you probably have an inventory management problem that requires a site survey and warehouse consultation.”

On the warehouse floor, a site survey helps detect storage problems (e.g., stacks of pallets that are pushed into corners using hand pallet jacks), inventory management issues, and poor use of vertical space.

“Many times, managers will tell us that they don’t have enough space, and meanwhile they have products stacked 12 feet high in a building with 25-foot ceilings,” says Lowe. “That’s where we enter the scene by suggesting a combination of electric reach trucks and order pickers to optimize that unused vertical space.” According to Lowe, that single move allowed one operation to draw three times as much storage space out of its facility and improve its throughput by 300%.

Lowe says that he talks to the operations managers about what a typical business day looks like and what types of promises are made to customers. He also closely examines the company’s existing distribution and fulfillment operation and then relates that information back to the firm’s material handling, automation, and robotics needs. Often working with Toyota Commercial Finance, Lowe will help put together a financing package that accommodates the operations needs on all levels.

All of these steps culminate into a complete warehouse optimization package designed to help operations achieve and exceed their customer service, safety, and profitability goals. “By getting material handling professionals involved early in the process,” adds Lowe, “this operation was able to optimize its space and equipment in a way that it may not have been able to handle on its own.”
Making the Case for Warehouse Consultants

Benefits for logistics/operations managers, CFOs, and COOs all lead to safer workplaces, lower costs, and happier customers.

It’s clear that all operations can benefit by utilizing an outside warehouse consultant:

**Benefits for Logistics/Operations Managers:** Better asset utilization, a safer workplace, and satisfied customers are just a few of the key benefits that logistics and operations managers might reap when receiving recommendations from a warehouse consultant. “The fewer assets you use to implement your warehouse strategy, the more efficient you can be,” says Steve Lowe, vice president of sales and marketing at Allied Toyota Lift. “Trying to do this on a piecemeal basis just doesn’t work because you wind up using business assets inefficiently across the board.”

In some cases, those “piecemeal” attempts can hurt a company’s overall profitability and, in turn, make the logistics manager’s job harder than ever. Having a second set of eyes that’s looking “in from the outside” can help those professionals detect issues they may not have even noticed, and make the changes needed to improve profits and profit margins and take better care of customers.

“Remember that in the end,” says Eddie McLendon, warehouse products territory manager for Toyota Material Handling, “this is really all about taking better care of your customers.”
MAKING THE CASE FOR
MATERIAL HANDLING WAREHOUSE CONSULTANTS

BENEFITS FOR THE CFO: Charged with overseeing a company’s financial activities and operations, CFOs help operations address their short-term needs and day-to-day activities while also helping them to take a look at the “big picture” and future opportunities. Operating with such broad-reaching responsibilities, CFOs tend to quickly understand the value that warehouse consultants bring to the table.

“Most CFOs understand that sometimes you have to invest some money in order to attain better profits,” says Lowe, adding that they also understand that improved productivity and better utilization of labor all contribute to a healthier bottom line. “In some cases, productivity gains can be made by simply switching from regular racking to push-pallet racking, or by using order pickers instead of manually moving pallets up and down every time you need something,” says Lowe. “These seemingly simple moves can help improve the balance sheet significantly.”

A warehouse consultant can also help CFOs better grasp the total cost of ownership (TCO) picture that cost-conscious procurement professionals may overlook. McLendon, for example, has 15 years of experience as a project engineer who helped evaluate and purchase material handling equipment. “I’ve been on both sides of the table,” he says, “and in my past life certainly came to appreciate the consultants who could bring the latest solutions, recommendations, and ideas along with the best products.”

BENEFITS FOR THE COO: In charge of a company’s overall operations, the COO can always benefit from a “second set of eyes” detecting problems, offering suggestions, and implementing solutions. As the ultimate determiner of customer satisfaction, the fulfillment process is one area where COOs spend their time trying to figure out how to do more with less—particularly on the labor front.

“Human resources are very expensive,” says Lowe. “When we can get in there early and mechanize or automate certain aspects of the operation while also implementing more efficient processes, we can help COOs achieve their goals.”

Lowe says that having an outside set of eyes on their side—and one that works across various industries—also helps COOs utilize benchmarks and metrics that they not have previously considered. This is particularly relevant for leaders who operate from a 30,000-foot-view of the entire operation—versus just a single department.

“An outside warehouse consultant delivers a level of credibility and experience that really can’t be quantified in dollars and cents,” says Lowe, “but that’s definitely worth something in today’s competitive business environment.”
e-commerce, omni-channel, the Amazon Effect, and myriad other outside forces are changing the way companies approach distribution and fulfillment. Those that stick to their age-old ways of doing things are finding themselves left behind, while those that take the time to explore and implement new solutions to new problems are staying ahead of the pack.

Some of the key points that Eddie McLendon, warehouse products territory manager for Toyota Material Handling, is often asked to address include the need to “get more stuff into confined spaces,” make better use of vertical space, improve forklift efficiency, and improve overall customer service. All roads lead to the latter, he says, as customers come to expect their next-day order delivered to the right place at the right time and in the right condition.

To make that happen, companies have to be able to make the most of their warehouses and DCs—a goal that isn’t always easy to attain through an internal review or by approaching the problem on a “piecemeal” basis. For that reason, Steve Lowe, VP of sales and marketing at Allied Toyota Lift, says operations should involve an outside consultant into the process sooner rather than later.

“When we are involved from the beginning, we can recommend the safest, most productive material handling equipment and put it into commission,” says Lowe, “and impact the total throughput of the product—from the point of creation to the point where the customer has it in his or her home or business. We can be involved in all of that.”

While warehouse consultants can work with companies of all sizes and across all industries, they tend to provide the biggest value for small to midsized firms that lack the manpower and in-house expertise needed to conduct a full site survey, develop a plan of action, and then implement that plan across one or more warehouses or DCs.

“A smaller company that’s importing car bumpers from China and doing about $1.5 million in sales probably lacks the core competencies to tackle this on its own,” says Lowe. This dearth of internal expertise usually drives shippers to continue addressing fulfillment and distribution the way they always have: the old-fashioned way.

This can lead to problems down the road and an inability to keep up with and/or stay ahead of customer demands and trends like omni-channel.

Using a thorough site survey, valid recommendations, and actionable implementation steps, a warehouse consultant can help shippers break through these barriers while also improving profits, reducing accidents, and optimizing assets.

“Before you start putting your money into new or upgraded processes, talk to your customers about what they want,” says Lowe, “and then consider the benefits that a fresh set of eyes and outside expertise can deliver.”