

# Warehouse Management News

November 2011

*The latest news from QC Software*



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## Message from the President

The holiday season is here and I'm sure many of you are working in overdrive. So I thought it would be a good idea to once again provide a guide for successfully managing peak periods.

Review reports from the last peak season. Look at key indicators including orders processed per hour, on-time shipments, errors, backorders and returns. Also, review customer satisfaction surveys and call center reports for trends.

Identify areas of improvement. Analyze your reports and compare actual performance with company goals. Perform an onsite survey of the warehouse to determine if equipment and layout is adequate. Be sure to get input from floor personnel and department managers.

Develop and implement your plan. Focus your efforts on changes that will produce the greatest benefits. Review your plan with key managers and staff to make sure you are on the same page. Keep in mind that gradual changes are more manageable.

Maintain a flexible approach to warehouse management. Plan for additional storage capacity and staffing. Re-slot the warehouse for optimal picking. Make sure you have adequate inventory for increased order volume.

Finally, when the rush is over, start planning for the next one.

I wish you all a safe and successful holiday season!

Rich Hite  
President

### Affiliations:



## Need More Info?

For more information on our products, visit our website:

[www.qcsoftware.com](http://www.qcsoftware.com)

When you are ready to talk about your application:

<http://www.qcsoftware.com/products/apply.html>

## Fun Fact

Neanderthal's brain capacity was 100 cc larger than modern man's brain.

## Small Investments Deliver Results

If you are looking for ways to improve warehouse performance on a tight budget, enhancements to your warehouse control system may just be the ticket.

You might be getting orders out on time, but there are usually additional ways to improve performance and cut costs. As you add new inventory and equipment, the order fulfillment process tends to be less efficient if no adjustments are made.

For example, one customer experienced a period of rapid growth and found it difficult to keep up with demand. Our team evaluated their process and implemented multi-point induction, routing prioritization and automated print & apply to more efficiently process the high volume of orders.

Another customer realized they were packing small orders with large totes because their conveyor system could not accommodate small packages. QC Software developed a new process to separate small orders from the regular pool and added a dedicated line to process these orders using smaller containers. The results were lower packaging and shipping costs, as well as happier customers.

"Adding software enhancements is a great way to improve warehouse performance with a modest investment. And there is typically a quick ROI. I encourage our customers to call us and find out what options are available," states Jerry List, Vice President of QC Software.

## Celebrating 15 Years of Innovation

2011 is a milestone for our company. This year is QC Software's 15 year anniversary. Rich Hite, founder and President, credits the company's success to our dedicated team who continue to deliver innovative, robust solutions.

## QC Software Sponsoring the 9<sup>th</sup> Annual Supply Chain & Logistics Summit NA 2011



QC Software is pleased to announce it is a sponsor of the 9<sup>th</sup> Annual Supply Chain and Logistics Summit North America 2011, which takes place on December 6-7 at the Hyatt Regency in Dallas, Texas. Be sure to stop by our booth and say hello if you decide to attend.

## How Smart Are You?

- 1) How many calories does the typical sled dog burn per day during the Alaskan Iditarod race?
- 2) What is the only crime defined in the U.S. Constitution?
- 3) When was the first race held at the Indianapolis Motor Speedway?

The answers will be published in the next newsletter.

### Answers (August 2011 issue):

Which US President was never elected to the presidency or vice presidency? **Gerald Ford**

Which common metal is liquid at room temperature? **Mercury**

On average, how many trees can a beaver cut down in a year? **200**

## Improving Warehouse Security

Inventory theft continues to be a big problem for corporate America and the warehouse is no exception. Studies estimate that companies lose billions of dollars every year and that number increases during periods of economic uncertainty. The good news is that you can minimize these losses using today's technology and a common sense approach outlined below.

**Screen potential employees.** Perform background checks before hiring and set access levels according to the individual's need to perform their job. Periodic screening is important, especially for employees in sensitive positions.

**Secure the Building.** Make sure every door has a lock and only authorized personnel have keys. In high crime areas, it may be necessary to install a steel gate. Install a security system in key locations. Fixed RFID readers can monitor locations throughout the facility, especially where expensive items or sensitive materials are stored, and they limit access to authorized personnel with a keyless card swipe system. Use safety mirrors and install closed circuit video systems in key areas.

**Assess the layout.** Make sure the physical layout is inconvenient to potential thieves. Limit doors and entranceways. It is easier to monitor one accessible entrance rather than multiple ones. Back doors should not be too close to staging areas, and staging areas should be located away from loading docks. Make sure restrooms, break rooms, and visitor lounges are not near inventory. The parking lot should be a comfortable distance from warehouse doors. Keep bushes and dumpsters away from entrances since they can be used to hide merchandise.

**Secure the Shipping / Receiving Dock.** This area is especially vulnerable to theft, where an estimated \$10 billion per year in merchandise is stolen. Restrict access and use security partitions or cages to lock up cartons until loading them for shipping. Don't keep items near the dock door unattended and unlocked. Keep all doors and windows locked.

**Perform frequent warehouse audits.** Train supervisors to conduct daily security checks. A security team should conduct unannounced walk-throughs to make sure security procedures are followed. Frequently monitor inventory with cycle counting and randomly check employees for stolen items. Placing RFID tags on inventory provides another layer of security.

Theft lowers profitability and raises insurance premiums. You may not be able to eliminate theft, but you can and should take the appropriate steps to significantly reduce your losses.

## How to Reduce Your Outsourcing Risks

**Personnel and Resources** – It is important to have properly trained people and sufficient resources to implement and manage outsourcing.

**Strategy** – Have clearly defined goals and objectives. Understand all costs and factors related to outsourcing. This process should include risk analysis, assessment planning and an internal baseline for vendor comparison. The goal is to select those processes that provide the greatest competitive advantage.

**Selection Process** – The selection committee should include key personnel who can provide a variety of perspectives. Choose a number of potential candidates for comparison. Carefully review each vendor's business practices and financials and understand their limitations. Keep the selection process impartial. Select a vendor with the flexibility to handle business fluctuations.

**Planning and Implementation** – Once the vendor has been selected, the next step is to define the relationship and implement the plan. Be sure there is a plan for interfacing with the provider's information systems, a fully defined plan for employee transition and contingency plans for natural disasters and other disruptions that may occur. The vendor must fully understand your business practices, products and expectations. There should be a realistic transition timeline that allows for minimal disruption to your organization.

**Managing the Vendor** – Make sure there is a strong communication plan that includes regular vendor meetings, reviews and an escalation process. Internal communication is just as important. Provide incentives for the vendor's continuous improvement. As business needs change, you need the flexibility to change your outsourcing requirements. Implement a formal review process to evaluate and improve the outsourcing relationship.

**International Outsourcing** – Use experienced agents and 3PLs in the country of origin that can effectively manage your partnerships and navigate customs.

### Comments and Suggestions

We are committed to improving the industry and believe we can all learn from each other. If you have any suggestions, comments or questions, we would love to hear from you. You may email us at [info@qcsoftware.com](mailto:info@qcsoftware.com)

### Final Thought

"Change your thoughts and you change your world."

- - Norman Vincent Peale

## Laugh Out Loud

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