

New Technology – Unintended Consequences (Part 2)

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Typically the objectives and the ROI justification for a new Warehouse Management System are based on the belief that the system will be able to handle more material, more quickly, with higher quality, safely, with reduced costs and with fewer people. The market continues to provide wonderfully powerful new products that generally satisfy these expectations, and we can read about them in every trade magazine, every month. There are however, exceptions. Many more than you might imagine. Recently I received a call to help an organization where they had spent a lot of money and time on a new WMS, and the distribution center and business objectives have not been achieved.

In a prior column [Unintended Consequences – Part 1](#), I described three dimensions of systems projects that have kept companies from achieving their goals:

1. The implementation project team (consultant and operations management) did not put enough emphasis on achieving the business or operations outcomes and instead primarily focused on the successful integration of the technology and nominal training to use it;
2. Senior management expected that the new WMS was all they needed to achieve their business objectives; and
3. Warehouse management and staff were not prepared to effectively use the new WMS.

In this column I will briefly describe some additional, critically important and unanticipated dimensions that continue to challenge companies as they operate with a new WMS.

Consequences we noticed in the relationship of the distribution center with the rest of the company were

that First, a WMS can change the relationship between the distribution center and rest of the company. This change can be difficult to deal with, emotionally and occasionally politically, and becomes visible in everyday activities. The new WMS required

1. Planned daily operations reduces some flexibility including the capability to perform last minute actions to handle add-ons, promotions, delivery, Hot Orders, new SKUs, etc.
2. Continued training and retraining to compensate for ongoing staff turnover.

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Effectively using a WMS requires a new structure and discipline in the warehouse operations that sends ripples of change throughout the company.

The first ripple develops out of old practices in a manually operated distribution center that are rather loose and have allowed immediate responses to a wide range of last minute requests. It is as if the warehouse staff had nothing to do but wait for a last minute request from somewhere. While in some facilities these last minute requests occurred often enough that the manager made practice of maintaining a staff just to handle them, with a new WMS that structure usually changes. The new system can monitor productivity and staff assignments much closer to the actual workload throughout the day, and requests for temporary labor are called for the day before they are needed.

Often using a WMS creates not only an allocation of total inventory but also the inventory in a location is allocated. Therefore just because what is wanted appears in a location does not mean that it is available to anyone that happens to get there first.

A second ripple develops out of the regular pattern of turnover in staffing and management. The stories you read in the trade magazines about the impact of a WMS do not address what happens later, after the honeymoon. In spite of the “user friendly interface” a WMS is a complex tool and requires some skill to use effectively. If we assume that the implementation of the WMS included significant training, the company will experience significant improvement in warehouse and company performance. And as long as the trained management and staff retain that knowledge of how to use the WMS, to dynamically manage the distribution operations, performance will be satisfactory. The challenge comes with personnel turnover and the loss of focus on the importance of how to use the WMS to support effective operations management. And in fact with employee turnover:

1. Companies are losing the skills to adapt the daily plan to the unique order mix, for example, to proactively balance labor across the departments throughout the day;
2. Companies are purchasing new warehouse management systems rather than learn how to use the current system more fully, to adapt the system to new business requirements, or expect the new system to do the thinking that managers and planners were trained to do during initial implementation of the current system;
3. Companies are not providing an understanding of the business, customers, order characteristics, etc. to new staff and therefore, they do not understand

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- how to use the WMS to manage daily variability and optimize daily performance; and
4. Managers are not supporting new employees to experiment and learn the WMS with all its capabilities, to explore the capacity of existing system to adjust the plan for each day.

However, the subtle and far reaching change is that new information systems (including Warehouse Management Systems) are maturing to a point beyond the capacity of existing staff to use them effectively to achieve the business outcomes.

The challenge then is to regularly review the job requirements to allow you to select capable staff when needed and then to continue to train and support them. The functional requirements of warehouse operations are not generally included in Corporate Training programs. This is the work of Warehouse Coach, to help managers grow and develop along with the needs of the supply chain. If you can imagine a coach helping your or one of your supervisors grow to meet the needs of your company, please call or send a note, and let's talk about how I can help. You can reach me at 1.510.296.7249, or Don@warehousecoach.com.