

WMS Projects that Produce World Class Outcomes – Introduction

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Until about 30 years ago, material handling consulting narrowly focused on developing layouts, specifying storage and material handling equipment, buildings, etc., to improve the performance of specific parts or functions in warehouse or its operations.

About that time, clients were beginning to ask what more could be done to support warehouse managers to better manage and provide timely information about their inventory and operating costs, to implement change that could increase company sales objectives, and improve the effectiveness of the warehouse as a whole.

The result was that material handling projects expanded to ultimately developing some of the first warehouse management systems, to support managers in the daily performance of their responsibilities. At the time the tasks of management were defined as the planning, organizing, staffing, directing and controlling their operations. So for example, managers were responsible for

1. Developing a plan each day so that others could know what to expect in shipments, labor requirements, etc.;
2. Organizing the day so that the merchandise would arrive at the shipping dock sequenced to match the planned carrier departure times, or minimize the staging time (and space required) before shipping;
3. Scheduling the staffing level relative to the planned workload;
4. Developing methods and procedures and directing the tasks to be done efficiently and consistently across the warehouse; and
5. Controlling the flow of information and movement of inventory, measuring performance, and to know when any of the functions were not performing such that they could not meet the plan or fulfill commitments to customers, and respond in a timely way.

The approach to building a WMS started with changing the way in which management and staff thought about their warehouse, as a system, comprised of a group of parts that need to work effectively together, and within a wider system that would always be bringing new requirements. The challenge for the project team was to learn about and create a design that managers could use to anticipate change and adapt operations, to maintain high levels of performance while responding to the complexities of changing demands from a wider and deeper, and very dynamic environment, from within the company, from customers, and from a larger world including government controls.

We began this effort with realizing that as outside consultants we were experts about material handling and each the functions of a warehouse, and that our clients knew their operations and would always know their business and customers and their wider environment better than we could. Consequently we needed to pay attention to our learning process, and the way in which we worked together. Our objective was to create

a system together that we could not imagine or effectively developing and implement separately. This objective started us on a continuous learning path that allowed us to develop the designs that significantly contributed to the foundation of Warehouse Management Systems.

Since that time much has changed. Some expected, some perhaps not so obvious.

From a material handling, distribution industry point of view, there has developed a large collection of information and education sources including professional industry associations, industry periodicals, and educational programs. We see published articles about warehouse management systems recognizing the value of a WMS, the growth and success of the WMS industry, technologies of a WMS, reducing the cost of a WMS, and the stories of companies that have installed them. It seems that

1. Warehouse Management Systems have become a foundational element in mature warehouse and distribution center operations;
2. Probably every company that distributes industrial or consumer products in the Fortune 500 has installed and used at least one WMS;
3. Current warehouse management systems have expanded their capacity to support virtually any warehouse or distribution center; and
4. There are currently over 200 WMS products available in the worldwide market, with many more additional organizations providing integration and installation support.

Warehouse management systems have become configurable, commodity products, and are marketed as capable of being installed and implemented in as little as 45 days with a process that is not much more complex or difficult than buying a new forklift. Vendors now suggest that the significant benefits of a WMS accrue primarily from the application of the technology alone, or through the application of other associated technologies in the warehouse including Auto ID, equipment control, etc.

From another point of view, from a recent industry survey we learned, as many as 40% of installed warehouse management systems are not achieving their initial business or operations objectives, and many companies have not fully installed some of the basic available functionality in those systems.

This series of articles reflects our experience with the growing recognition that success with information technology investments (including WMS) is achieved 50% through people, 30% through process, and only 20% with the technology. We will describe the people and process dimensions we have found essential to achieving the business and operations objectives that justified the purchase of warehouse management systems, and in projects to enhance the effectiveness of installed warehouse management systems to extend their value over time.

We will describe 5 key people and process elements that are critical to achieving world-class results from WMS projects. These articles fill a gap in the information available to

managers who are concerned about how to get the most from a WMS investment. We present these elements for you to consider when purchasing a WMS, selecting an integrator, or evaluating whether you have achieved your objectives from your current WMS.

Check back in a couple of weeks for our next article in this series. Please forward this to your associates who might also be interested in improving the benefits from the application of Warehouse Management Systems. We also look forward to talking with you more about achieving world-class outcomes from your WMS next March at our scheduled presentation at the 2011 [PROMAT](#) show, in Chicago.