

INCREASE YOUR WAREHOUSE PERFORMANCE:
FIVE STEPS TO GREATER EFFICIENCY



THE WORKERS IN YOUR WAREHOUSE AND DISTRIBUTION CENTERS ARE VITAL TO YOUR BUSINESS. Among other things, they fulfill orders, pack and label containers, oversee the transport and delivery of products, process returned goods, and more. To a large degree, their performance helps determine your brand's perception in the marketplace, your company's reputation and even your level of profitability.

With so much on the line, it follows that companies would do everything to ensure that their facilities operate at peak efficiency. Unfortunately, many do not. Through no fault of their own, companies must deal with a bewildering array of challenges, costs and risks—some of which did not exist even a few years ago—in a typical warehouse and distribution center environment.

Labor shortage: The competition to acquire quality labor is an urgent concern. There is a finite pool of talent capable of handling warehouse tasks, but the demand for their services has exploded. In June 2019, the Bureau of Labor Statistics reported that employment in the warehousing and storage sector jumped about 4.8% year-over-year.¹

Feeder warehouses have also contributed to an insatiable demand for labor: small warehouses feed midsize warehouses that feed larger warehouses—all going after the same kind of prized warehouse worker.



Further, retaining workers has become harder than ever. With unemployment at historic lows, warehouse workers are more likely to leave their present position if they find a paid position that offers even marginally better pay, benefits or incentives.

“How do you keep the warehouse workers happy and stabilize that workforce without spending a ton of extra money that eats into your bottom-line? That’s a balancing act,” says Canon Business Process Services (Canon) Senior Manager Joe Tague.

As Glenn Llopis, an expert on workforce development and human capital, has found, there are many non-expense related incentives that motivate employees to perform at peak level. For example:

- *Leaders and managers who look out for their employees, are direct and honest with them, and include them in goal-setting efforts.*
- *Sharpening employees’ skill sets and helping them learn new things to make them even more relevant in the workplace.*
- *Fostering career advancement. “Just because your employees may be relevant doesn’t guarantee advancement. Make it a point to help them get there. Employees are extremely motivated to achieve if this means that advancement awaits them,” Llopis says.²*



The incessant churn and turnover of workers has a cascading effect, forcing companies to recruit and train people endlessly, thereby diverting resources from other functions and departments in the organization.

Greater fulfillment expectations: Giants like Amazon that promise next-day or even same day delivery are affecting other companies, too. According to KeyBanc Capital Markets: “Other retailers may need to reconfigure distribution networks in an effort to improve speed.”³ Such an accelerated pace puts enormous pressure on everyone in the warehouse environment, from workers to drivers, and increases the risk of early burnout and more driving accidents.

Costly software upgrades: Except for large players, most companies don’t have the money to fully automate their warehouses. Finding the right place to make capital investments and get the results they need while staying solvent is a big problem. New or updated warehouse management systems can cost anywhere from a few thousand to tens of thousands of dollars, not to mention the cost of training personnel in the new procedures.

There is no question that effectively managing a warehouse environment today is complex and vital to a company’s success. With big money and the future on the line, every decision carries significant risk or reward.

To make cost-efficient adjustments and stay competitive, companies need solutions that can be put in place quickly and easily—but where do you begin? This paper will provide some best practices that virtually any warehouse can adopt to improve its performance almost immediately.

BEST PRACTICE #1 **BUILD A PROACTIVE** **HUMAN RESOURCES DEPARTMENT**

Finding and retaining capable warehouse workers should be the first and last priority of every company, which means having a highly engaged human resources department. Make sure that your human resources team not only looks for competent workers, but that they can effectively sell and communicate the advantages of employment.

Besides offering workers a competitive salary and benefits, the HR department should provide extensive employee training and emphasize that warehouse positions are not merely jobs. “You’re creating a career path for them within the warehouse sector,” says Tague. “Concern for a worker’s needs will not only stabilize staffing needs, but also instill employee loyalty.”

BEST PRACTICE #2

SET UP A PERFORMANCE MANAGEMENT SYSTEM

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— Joe Tague
Canon Business
Process Services
Senior Manager

Rewarding warehouse employees with some type of incentive for outstanding performance can have a huge impact on their productivity and company commitment. Incentive programs can take many forms, depending on a company’s situation, without putting undue stress on the bottom-line.

For example, you could have a profit-sharing incentive if warehouse employees meet or exceed goals, such as cost savings for the client. “We presented that to a potential client and it was well received,” says Tague. “There’s a split or sharing of those cost savings that we pass on to the employees themselves.”

Have a system in place to accurately track, measure and quantify the data in order to calculate and distribute those savings. A variant of this incentive program is to pay only the top performers who meet productivity goals on a monthly or quarterly basis. Acknowledging top performers is an easy way to improve employee satisfaction and motivate your best workers.

BEST PRACTICE #3

OPTIMIZE THE WAREHOUSE PROCESS

“Optimizing the product flow through a facility is a major goal of any distribution operation. That starts with identifying areas of wasted movement, processes or space and developing areas of lean improvement,” says Canon Logistics, Operations and Supply Chain Solutions Analyst Jeremy Wisdom.

“There’s a scientific method behind the placement of products, of shipping stations, of everything,” adds Wisdom. “At Canon, we use the expertise of our subject matter experts to look at the end game of what the facility is trying to do. We focus on where they want to be and start breaking down the movements of the product throughout the facility to slash wasted labor hours and create process-driven, productivity-driven warehouse environments.”



BEST PRACTICE #4

CONDUCT A FACILITY ASSESSMENT

“If you want to rapidly improve your operation, a great place to start would be with an assessment of where you’re at now,” says Tague. “How do you know where you want to go if you don’t know your current state?”

Assessing a facility can identify procedures that work well, uncover both obvious and hidden mistakes, and identify areas for improvement. An easy way to start is by doing a walkthrough of the facility to get a general feel and layout of the operation.

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Talking to warehouse workers, both formally and informally, about their activities and actively soliciting their feedback can provide a wealth of valuable insights. This can help you assemble some Key Performance Indicators (KPIs) with measurable data to guide your assessment.

While each warehouse environment is different, some common things to look at include:

Workflow: Do the products and workers move from point to point efficiently and logically?

Stacking: Are the products stacked too high? What is the level of difficulty to retrieve a product safely?

Product replacement and inventory management: Do employees put a product back where it belongs when they’re finished with it? Do you have an accurate count of everything in your facility to cut down on wasting money on needless replenishment? “You want to be as lean as possible on your inventory and obviously not hold too much. If you don’t know what you’ve got, then you’re going to end up ordering more than what you actually require,” says Wisdom.



Order fulfillment: How efficient is your warehouse team at picking, packing and shipping an order? Do they have everything they need to fulfill orders in a timely manner?

BEST PRACTICE #5 FOSTER A SAFETY CULTURE

It's very easy to be complacent about safety, but companies do that at their own peril. Warehouses should make consistent, repeated efforts to create and reinforce a safety culture and mindset every day—or risk catastrophic costs. To begin, perform a safety assessment of your warehouse. Look for potential hazards and highlight safe practices. Then come up with safety guidelines that are enforced regularly.

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Additionally, a mechanism should be put in place that allows, and even encourages, workers to report safety mishaps or accidents waiting to happen—without fear of criticism. Something as simple as a suggestion box or modest prizes for the best safety improvement ideas can be an effective incentive.

While there is obviously some overlap in safety procedures regardless of the environment, some warehouses may require unique solutions. For example, one environment may need more help with forklift operations while another warehouse might suffer more slips and falls. Remedies should be made accordingly.

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READY TO START?

Changing a corporate culture can be challenging. However, the best practices outlined here were designed for rapid improvement, easy adoption and big payoff for warehouse and distribution centers. Putting even one or two into practice could generate dramatic differences in your operations.

A more highly engaged human resources department, for example, can yield significant gains in meeting your staffing needs and maintaining a stable, loyal workforce. Designing and implementing a performance management system can drive higher levels of productivity, commitment and satisfaction among your best workers. Launching a facility assessment initiative can go a long way toward clarifying potential hidden strengths and weaknesses in your operation.

Now is a great time to get started on putting these and other best practices to work. The subject matter experts at Canon can use their knowledge to show you how to make your warehouse or distribution center a model work environment. Warehouse and distribution services are the lifeblood of many enterprises. Canon's skilled team can help free internal resources from the demanding tasks of finding, recruiting and managing staff, allowing you to better focus on your core business. That way, you'll be better prepared to thrive in the days ahead.



ABOUT CANON BUSINESS PROCESS SERVICES (CANON)

Canon Business Process Services helps enable business agility and digital transformation. We accomplish these goals by applying our workforce management expertise, Six Sigma methodologies and best-in-class technology. With professionals across the US and in the Philippines, we have been named a Global Outsourcing 100 leader by IAOP for 13 straight years. Canon Business Process Services is a wholly owned subsidiary of Canon U.S.A., Inc. Learn more at cbps.canon.com and follow us on Twitter @CanonBPO.

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3. "Warehouse Hiring Surges on Rising E-Commerce Demand," by Jennifer Smith. *The Wall Street Journal*. May 3, 2019. <https://www.wsj.com/articles/warehouse-hiring-surges-on-rising-e-commerce-demand-11556910546>.