# CONTENTS

List of figures xi List of tables xv Acknowledgements xvii

#### Introduction 1

#### 01 The role of the warehouse 5

Introduction 5
Types of warehouse operation 7
Why do we hold stock? 12
Warehouse location 16
Number of warehouses 20
Supply chain trends affecting warehouses 21
The growth of e-fulfilment and its effect on the warehouse 22
Specialized warehousing 24
Summary and conclusion 34

# **02** Role of the warehouse manager 36

Introduction 36
Warehouse trade-offs 38
The warehouse manager's challenges 39
Lean warehousing 43
People management 47
People challenges 47
Attracting and retaining warehouse employees 51
An ageing and constantly changing workforce 52
Operating hours 53
Training 55
Warehouse audit 56
Quality systems 56
Summary and conclusion 57

## 03 Warehouse processes: receiving and put-away 58

Introduction 58
Receiving 60

Pre-receipt 60

In-handling 66

Preparation 66

Offloading 67

Checking 70

Cross docking 73

Recording 74

Quality control 74

Put-away 74

Summary and conclusion 76

## 04 Warehouse processes: pick preparation 77

Introduction 77
Preparation 79
Warehouse pick area layout 90
Summary and conclusion 93

# **O5** Picking strategies and equipment 95

Introduction 95
Picker to goods 98
Goods to picker 103
Types of automated picking 105
Examples of automated picking systems 106
Handling equipment 119
Storage equipment 124
Summary and conclusion 132

#### Of Order-picking methods 138

Introduction 138
Paper pick lists 138
Pick by label 139
Pick by voice 139
Barcode scanning 146
Radio frequency identification 151
Pick by light/pick to light 152
Put to light 156

Comparisons 157
Cost of errors 160
Deciding on type of picking system and equipment 165
Summary and conclusion 167

# 07 Warehouse processes from replenishment to despatch and beyond 168

Introduction 168
Replenishment 168
Value-adding services 169
Indirect activities 170
Stock management 171
Stock or inventory counting 173
Cycle counting or perpetual inventory counts 174
The count itself 175
Security 176
Returns processing 177
Despatch 181
Role of the driver 186
Summary and conclusion 187

#### **08** Warehouse management systems 188

Introduction 188
Why does a company need a WMS? 189
Choosing a WMS 191
The process 191
Selecting the right WMS 192
What to look for in a system 195
Selecting a partner 197
Before the final decision 198
Implementation 198
Software as a service 199
Cloud computing 200
Summary and conclusion 201

#### **09** Warehouse layout 203

Introduction 203
Data collection and analysis 205
Space calculations 207

Aisle width 213
Other space 214
Warehouse layout examples 215
Finding additional space 217
Summary and conclusion 219

### 10 Storage and handling equipment 220

Introduction 220
Storage equipment 220
Storage options 221
Shuttle technology with a difference 231
Very high bay warehouses 232
Other storage media 236
Warehouse handling equipment 239
Vertical and horizontal movement 242
Automated storage and retrieval systems (AS/RS) 250
Specialized equipment 252
Recent technical advances 253
Summary and conclusion 254

#### 11 Resourcing a warehouse 255

Introduction 255
Processing activities 256
Other factors 274
Summary and conclusion 275

#### **12** Warehouse costs 276

Introduction 276
Types of costs 277
Return on investment (ROI) 280
Traditional versus activity-based costing systems 280
Charging for shared-user warehouse services 285
Logistics charging methods 290
Hybrid 292
Summary and conclusion 292

#### **13** Performance management 293

Introduction 293
Why do we need to measure? 294
What should we be measuring? 294
How to choose the right performance measures 299
Traditional productivity measures 301
New performance metrics 304
Hard and soft measures 306
Integrated performance models 307
Benchmarking 309
Balanced scorecard 312
Summary and conclusion 315

#### **14 Outsourcing** 316

Introduction 316 The outsourcing decision 317 Core activity/core competence 320 Improvement in customer service 321 Cost reduction 321 Labour relations 321 Financial strategy 322 Flexibility 322 Role of third-party contractors 323 Preparing to outsource 323 Choosing the right partner 325 The transition 328 Managing a third-party relationship 328 Why contracts fail 328 The future of outsourcing 331 Summary and conclusion 337

# **15** Health and safety 338

Introduction 338
Risk assessments 341
Layout and design 345
Fire safety 349
Slips and trips 351
Manual handling 352
Working at height 352

Vehicles 353
Forklift trucks 354
Warehouse equipment legislation 356
First aid 357
Summary and conclusion 357

#### 16 The warehouse and the environment 359

Introduction 359
Legislation and other pressures 361
Warehouse energy usage 361
Energy production 367
The environment and waste 369
Packaging 370
Pallets 371
Stretch wrap 372
Cartons 372
Labelling 372
Product waste 373
Waste disposal 373
Hazardous waste 373
Forklift trucks 373
Summary and conclusion 374

## 17 The warehouse of the future 375

Introduction 375
Context 375
Views of the future: the landscape 377
Views of the future: the warehouse 380
Other advances 384
Summary and conclusion 385

Appendices 387 References 406 Useful websites 411 Glossary 413 Index 419