Warehouse Management System
Paper or Plastic?
How about Paper or RF?

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Always a tough decision at the grocery store – do you save a tree or save a land fill?
How about a new question, Paper or RF? If you are on a paper-based warehouse system you may be asking yourself this question. It may be time to decide between continuing with your current system or upgrading to a new RF-based Warehouse Management System (WMS).

Updating your WMS may seem like a daunting task. Where do you start? How do you know if your current system is adequate? Do you need a new software system? Should you go with a 3rd Party Logistics (3PL) company who has the technology already in place? These questions and others may be keeping you up at night.

To determine the best course of action for your company, you will need to determine if your warehouse system is running efficiently or if it is time to bite the bullet and invest in a new Warehouse Management System. To decide this, you will need to take a systematic approach to evaluating where you are currently and which path you should follow to achieve WMS nirvana.

Evaluating Current WMS

Determining if a WMS is necessary is as much art as science. To do so, start with a simple assessment. The following list will help to get you started evaluating your current situation.

1. Small warehouse staff (3 people or less) – generally no need to upgrade if process working.
2. Growing warehouse – Review current processes to determine effectiveness.
    a. If your company is starting to grow, are you unable to process orders effectively? Are orders previously processed in 1 day now taking 3 days?
    b. Product that was once easy to find is now scattered throughout the warehouse.
    c. Is one employee invaluable? If you lose personnel, does it affect the warehouse process? Is production affected when they are off?
    d. How easy is it to analyze past and current performance?
3. What is the strategy for growth? Even if your processes are adequate now, will they support where the business will need to be in 6 months, 1 year, or 5 years?
4. Is the system "process based" and is it well defined? In other words, do you have the steps and procedures necessary to ensure repeated flawless execution? Or is your process ad-hoc and varies from employee to employee?
5. Is the current process experiencing problems with effectiveness?
    a. Losing pick tickets
    b. Slow turn-around time for shipments
    c. Lack of real-time inventory tracking
    d. Materials and labor waste
    e. Lack of reporting capabilities

WMS Options

There are basically two options to consider when acquiring a new Warehouse Management System:
1. Buy a new WMS and continue running in-house
2. Outsource your business to a 3PL who already has the systems in place.

If you are considering a new Warehouse Management System:
1. You must be clear about your goals. Develop a strong vision of what you want to achieve and how the new WMS will get you there. If your goals are poorly defined, a new WMS will add a lot of cost to your business while providing little benefit.
2. You must be willing to explore several different WMS options to find the fit that works best for you. Many WMS packages, especially entry-level ones, have limited options for configuration out of the box. So

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while you might be able to implement quickly, you could be left with serious limitations as your business grows. Conversely, Tier-1 or best-of-breed packages have nearly unlimited configuration options, but require dedicated (and expensive) IT resources to manage it. Furthermore, each package comes with optional modules that extend functionality of the base package. You need to do your due diligence and carefully choose the software that best meets your overall needs.

3. Understand your processes and your current pain points. You need to be honest with yourself and determine if it is your processes that need to improve. Automating bad processes just gets you bad results quicker. Your software vendor can help identify best practices and align your processes with how the software operates. We all like to think we have unique processes, but the truth is most high-performing warehouse operations have proven, documented, and repeatable processes. Most modern WMS's are designed around those kinds of processes. If you're finding that there are no packages that align with your processes, perhaps you should consider changing your process. Modifying software to accommodate a bad process is costly and will just prolong the agony.

4. All stakeholders must be engaged and working towards the same goal. Everyone involved must understand it is a long and hard road. Many times, first time implementers do not grasp the amount of effort and complexity that goes into moving to a WMS. You will need the right team and the proper funding to get it done right. Make sure you have people on the team experienced in implementing a WMS. Also consider gathering your clients input during product selection and implementation.

5. Do not attempt to "do-it-yourself". The WMS market is stable and mature and has a multitude of vendors who have years of experience developing and testing functionality based on best practices. If software development isn't a core competency of yours, then you should put your trust in a vendor that has done it before.

6. Finally, consider another alternative. A WMS implementation can be costly, risky, and can damage your business if not done right. If your warehouse has the volume to warrant considering a WMS, and your core competency isn't warehousing/logistics, perhaps you should consider outsourcing your entire operation. A 3PL will have the infrastructure in place to handle your volume, and will usually do so for less cost and will get better results.

Warehouse efficiency is critical and it's one of those things that don't get noticed until it's too late. Don't get yourself in this predicament, be proactive and check your needs now. An ounce of prevention is worth a pound of cure. Having an efficiently run warehouse means improved warehouse operations and efficiency, increased employee productivity and the big one – increased customer satisfaction. All of this spells a high ROI.

Some final words of advice

1. Understand what you want out of the software (WMS).
2. Identify the packages which are the best fit for *now* and the *future*.
3. Understand your processes. Be willing to change them and recognize the process will change over time.
4. Understand that the process will be challenging and expensive.
5. Be judicious in modifying an off-the-shelf system.
6. Think outside the box. Is warehousing a core competency of yours? Do you want to invest your capital in a WMS, or do you want to outsource to an expert?

Author Note: **Jake Putzler** is the Director of IT for Rockpoint Logistics. Jake has 13 years experience in information technology with a technical background in systems administration, data analysis and EDI. He has spent the last seven years at Rockpoint and loves the opportunities and challenges the field presents.