



Warehouse Costs Rising? A Step-by-Step Guide to Re-Slotting

As noted in a previous post—Warehouse Costs Rising? It's Time to Re-visit Your Slotting Locations—proper slotting, or the storage of products in relation to their volume and velocity, is the most significant factor for reducing travel and increasing productivity in the warehouse.

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The potential benefits from improving warehouse slotting include:

- Increased picking labor efficiency
- Reduced replenishment labor costs
- Increased speed and flow of goods through the distribution channel
- Increased picking accuracy

- Safety and ergonomics (by storing high-volume and heavy products in the best ergonomic positions)
- Reduced damage and shrinkage.

Reviewing the warehouse ABCs and making the necessary storage adjustments is not a high capital consumption project. In today's technology-driven warehouse environment it can often be done while the warehouse is operating.

Where should you begin if you're thinking about re-slotting your warehouse? As the saying goes, begin with the end in mind:

<p>Set goals and objectives.</p>	<ul style="list-style-type: none"> • What do you expect to achieve as a result of the re-slotting effort?
<p>Conduct a detailed baseline analysis of the current state.</p>	<ul style="list-style-type: none"> • Where are items stored today? • How long does picking and replenishment actually take for each item on average? • Gather sufficient data to assess the current process and proposed changes.
<p>Conduct a detailed demand segmentation, including volume and velocity by SKU.</p>	<ul style="list-style-type: none"> • Where are products stored today? • Where should they be stored based on demand segmentation and ABC analysis? • What physical characteristics of the product or the warehouse might require adjustment to your analysis?
<p>Conduct a detailed ABC analysis.</p>	
	<ul style="list-style-type: none"> • Type of storage location (Forward pick, reserve pick) • Type of pick (an each pick, a pallet pick, or a carton pick)

Develop the future state slotting strategy with the following inventory attributes in mind

- Travel distances
- Ease of replenishment
- Product characteristics such as weight and size
- Capacity or size constraints of the location
- Product family grouping
- Congestion
- Product damage potential

Finalize the implementation plan and test it.

Begin the re-slotting efforts.

Finally, when re-slotting, be sure to avoid overcrowding. Congestion leads to accidents and product damage. It's also a good idea to leave room for future product expansion, especially if you know of potentially high volume product launches that you'll want to put in "A" locations.

Remember, today's perfectly slotted warehouse is next year's less than perfectly slotted warehouse. ABC analysis and re-slotting of products based on current demand should be conducted at least yearly, and more often if there are major changes in your product mix or sales volumes.



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