

Making Multi-Channel Distribution With Goods-To-Person Picking Work For You

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Multi-Channel Distribution

- Different distribution approach for order style
 - Brick and Mortar
 - Click and Mortar
- Historical approach was to separate by type



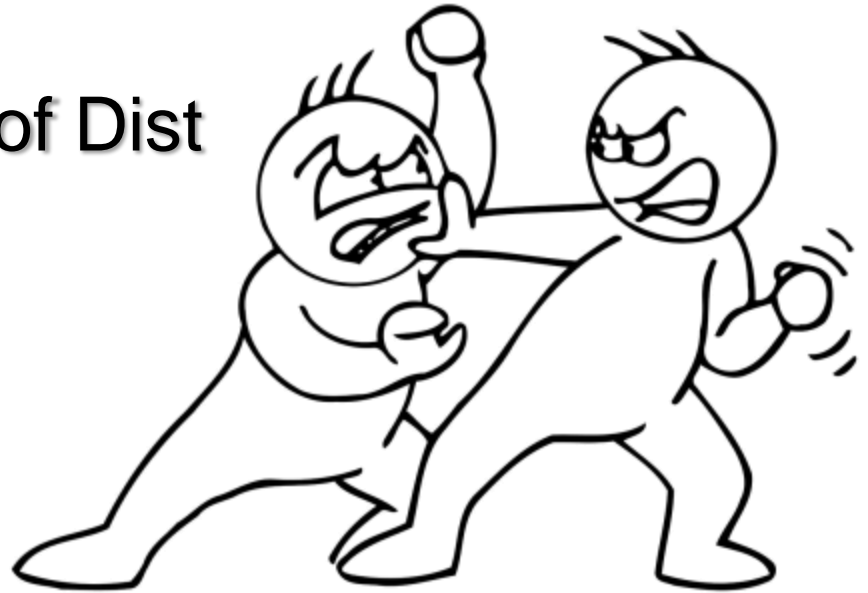
Elvis Presley's attempt at 'multi-channel'

Different Picking Methodologies

- Full case
 - Typically store replenishment
- Piece/pack
 - Typically larger number of smaller orders

Keep 'em Separated

- Different people
 - VP of E-com vs. VP of Dist
- Different inventories
- Different priorities
 - Maximizing one hurts the other
 - “Blocking’ of inventory



Downsides to Separation

- Increased inventory
 - Have to have at 2+ facilities
 - Inventory carrying costs
- Increased labor
- Increased facility costs
- Different IT systems

**2x
the
Costs**

E-com

- 25% growth each of last 5 years
- Want to have 'everything' available
 - Fewer amounts
 - More selection



Ecom's 'Issues'

- Ecom has to recreate the store 'experience'
 - Fliers
 - Tissue
 - Wrapping
- Only 'touch' to the end customer
 - Less 3PL reliance

Brick and Mortar's Issues

- Stores requiring JIT orders
- Can't carry everything
 - Stores were ordering less
 - No 'back room'
- Ecom growing
 - Customers comparing inventory

Let's Merge

- Goal is to sell product...no matter the channel



Picking is Picking

- When all is said and done, picking *is* picking



'It's not a PICK, it's a SCRATCH!'

OK, So We Join Up

- Upsides
 - Shared inventory
 - Combined space
- Downsides
 - More active picking locations
 - SKU increase
 - Increased footprint
 - Decreased productivity



Form of...Multi-Channel Distribution!

New Approaches and Solutions

- Goods to person
- Dense storage
- Software



What Does it Get Us?



stations

Goods to Person Picking

Goods to Person Picking

- Bring the work to the worker
 - More efficient
- Dense/high storage
 - No slotting requirements
 - Worker stays at pickstation



Goods to Person Picking

- Same SKUs across multiple orders
- Fulfilling an **order** – channel doesn't matter
 - Store
 - E-com
 - Etc.
- Increased productivity



It Looks Expensive...

- Not necessarily
- Hard savings ROI of 18-36 months
 - Reduced labor through higher throughput
 - Decreased inventory
- Doesn't include soft savings
 - Additional facility space
 - Increased accuracy
- **Potential total ROI of 12-24 months**

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