



# PROMAT®

2015

McCormick Place South | Chicago

March 23-26, 2015

[promatshow.com](http://promatshow.com)

## **Competing on Speed: Accelerating Fulfillment for Competitive Advantage**

Sponsored by:



Presented by:

**Helgi Thor Leja**

**Brad Anderson**

powered by



[www.ProMatShow.com](http://www.ProMatShow.com)

© 2015 MHI®

Copyright claimed for audiovisual works and sound recordings of seminar sessions. All rights reserved.

# Agenda



**Business Strategy: The value of speed**

**Distribution Strategy: The impact of speed**

**DC Strategy: The approach to speed**

# Speed is Today's Game Changer



# Key Takeaways

- **Speed is table stakes; Disruptive change requires different thinking.**
- **Impacts of speed are felt throughout the business.**
- **There are three key ways you can accelerate fulfillment within the DC.**



# Speed is Table Stakes



# Disruptive Change Requires Different Thinking

## Questions to ask:

- Why do your customers buy from you?
- What is your competitive advantage?
- What do your customers really expect?
- How are younger buyers (and their expectations) changing your business?
- What kind of business are you (brand owner vs. distributor)?
- What are your margins, average market basket, average unit price?

# The Impact of Speed

# Impacts of Speed are Felt Throughout the Business





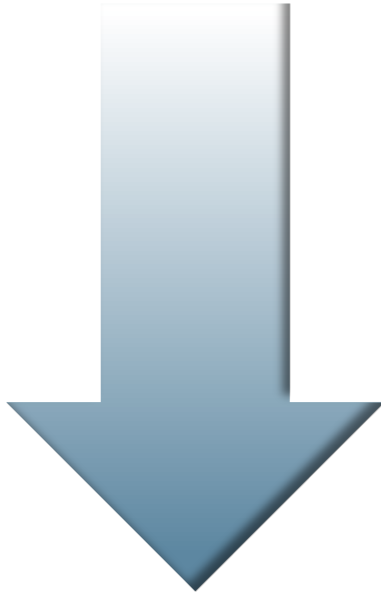
# Impact of Speed to the Distribution Strategy

## Questions to ask:

- Does your network strategy support speed?
- Does your transportation strategy offer the right access to both customers and networks?
- Where do you need to place inventory for maximum flexibility and responsiveness to demand?
- Do your IT, Merchandising, and Marketing strategy support speed and competitive advantage?

# Case Study

**Cycle Time:**  
**~ 4 hours**



**~ 30 min**



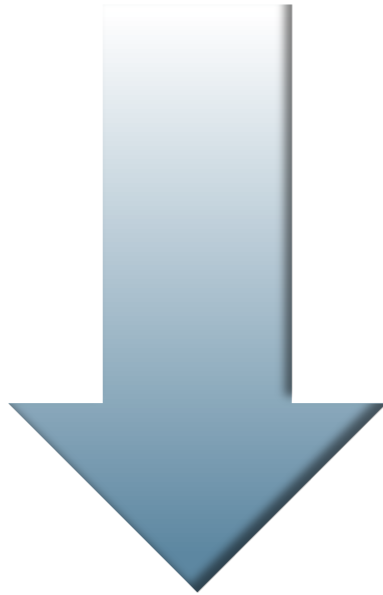
***MSC***  
*Industrial Supply Co.*

**Improved:**  
**Associate Morale**  
**Customer Satisfaction**  
**Productivity**  
**Accuracy**

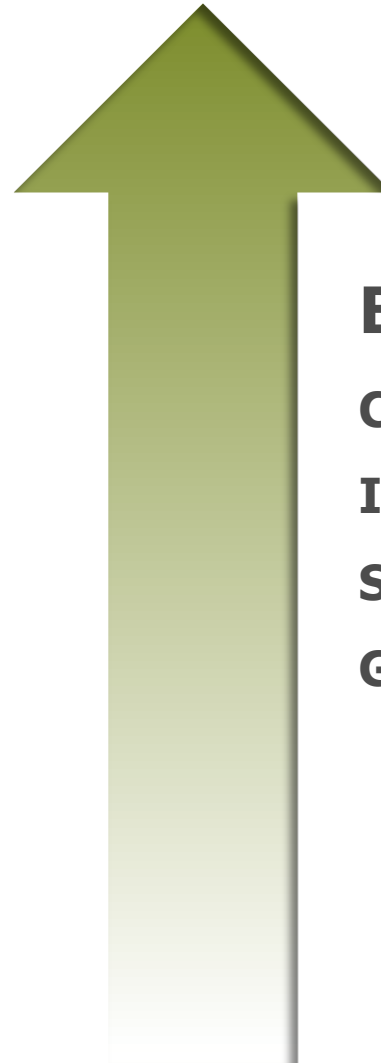
with **same number**  
of Associates

# Case Study

Cycle Time:  
~ 4 Days



~ 1 Day

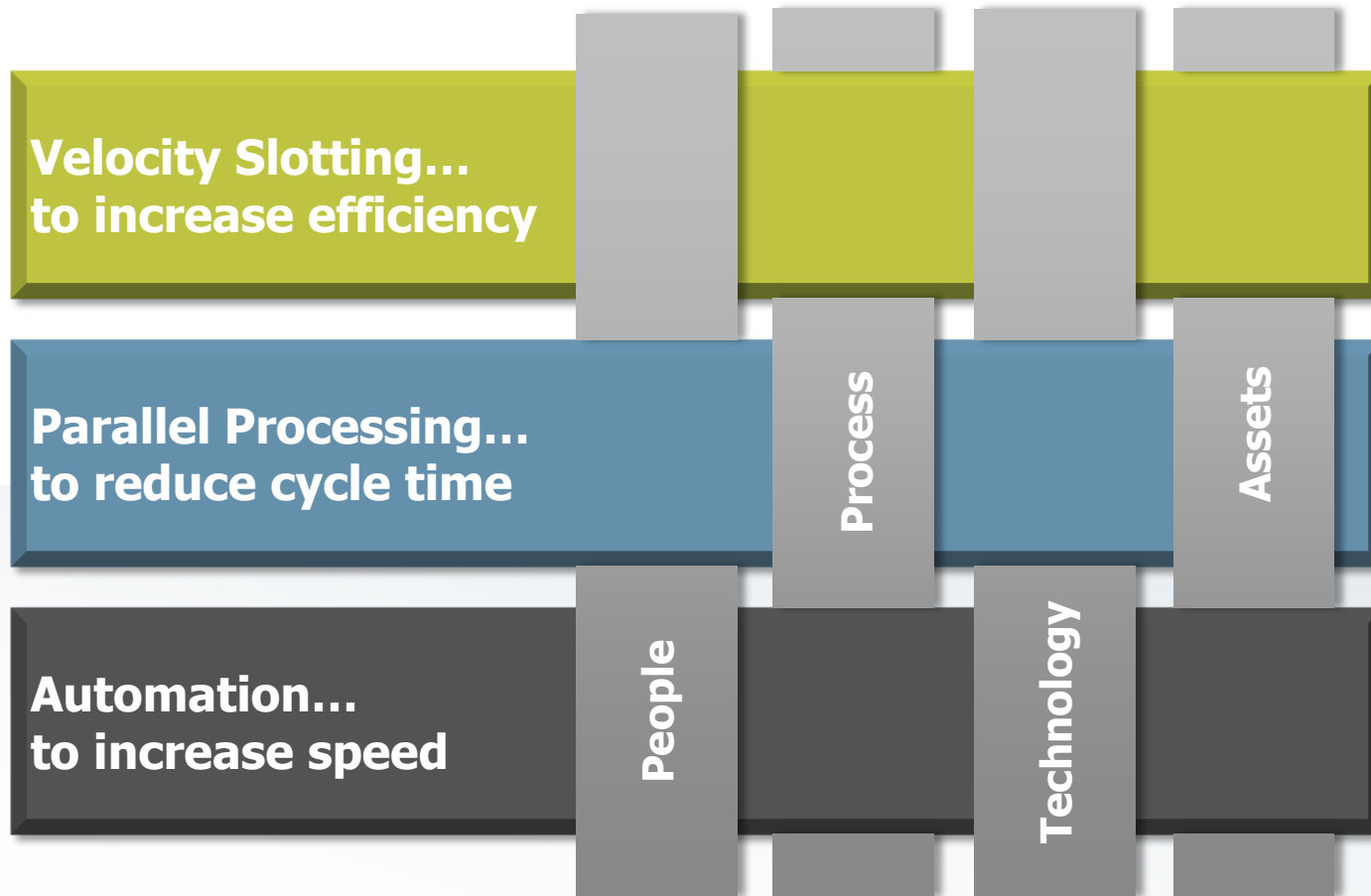


*Milwaukee*

**Business Impacts:**  
Cultural Change  
Inventory Efficiency  
Staffing  
Growth

# Approaches to Speed

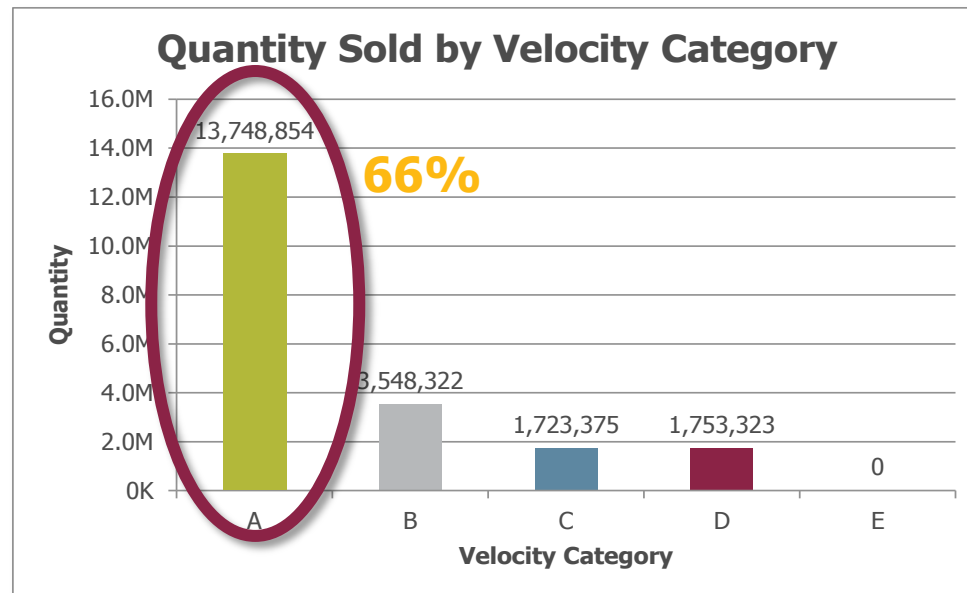
# Three Ways to Increase Speed



# Velocity Slotting

On average, 60-80% of units shipped are with the highest velocity SKUs.

- Put these SKUs in your most productive locations.
- Tailor media and processes for most efficient picks.
- Reduce travel to increase speed.

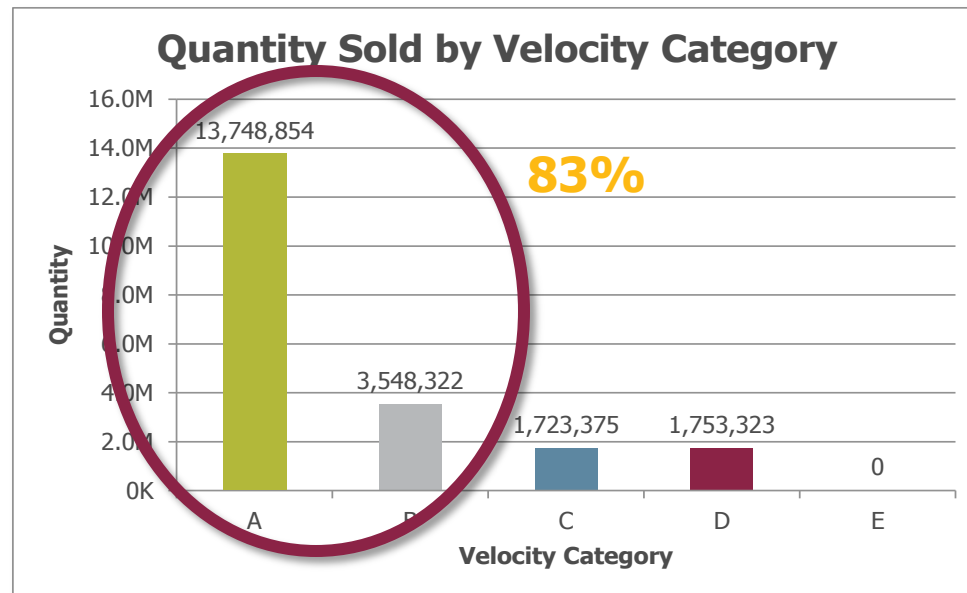




# Velocity Slotting

On average, 60-80% of units shipped are with the highest velocity SKUs.

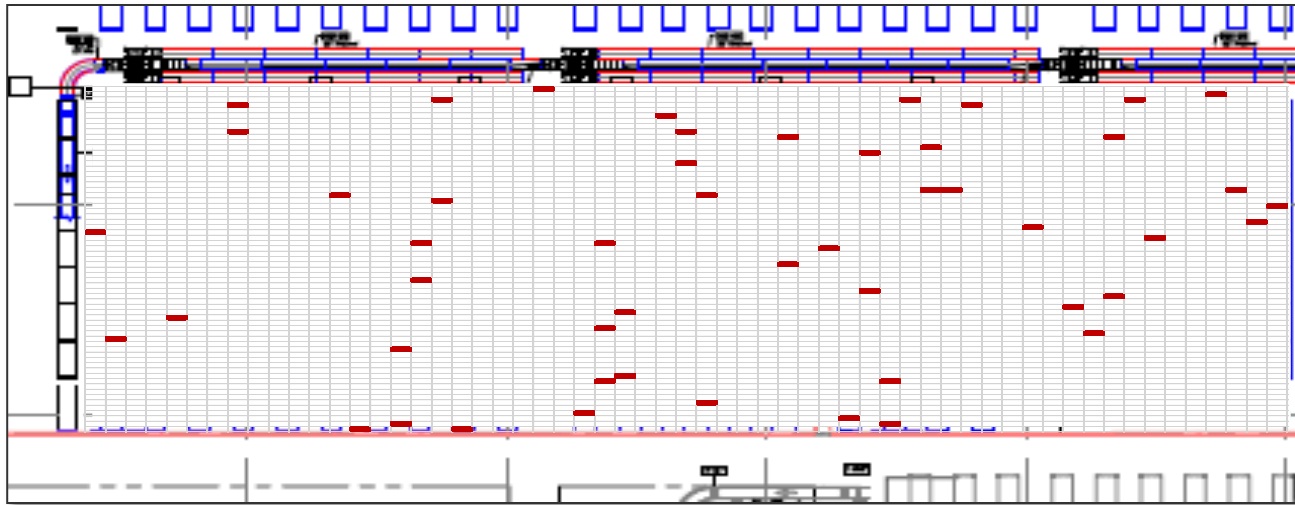
- Put these SKUs in your most productive locations.
- Tailor media and processes for most efficient picks.
- Reduce travel to increase speed.



# Velocity Slotting - Case Study

**Fortna analyzed and implemented Golden Zone slotting for a high fashion retailer. The top 50 SKUs were plotted to visualize the need for slotting.**

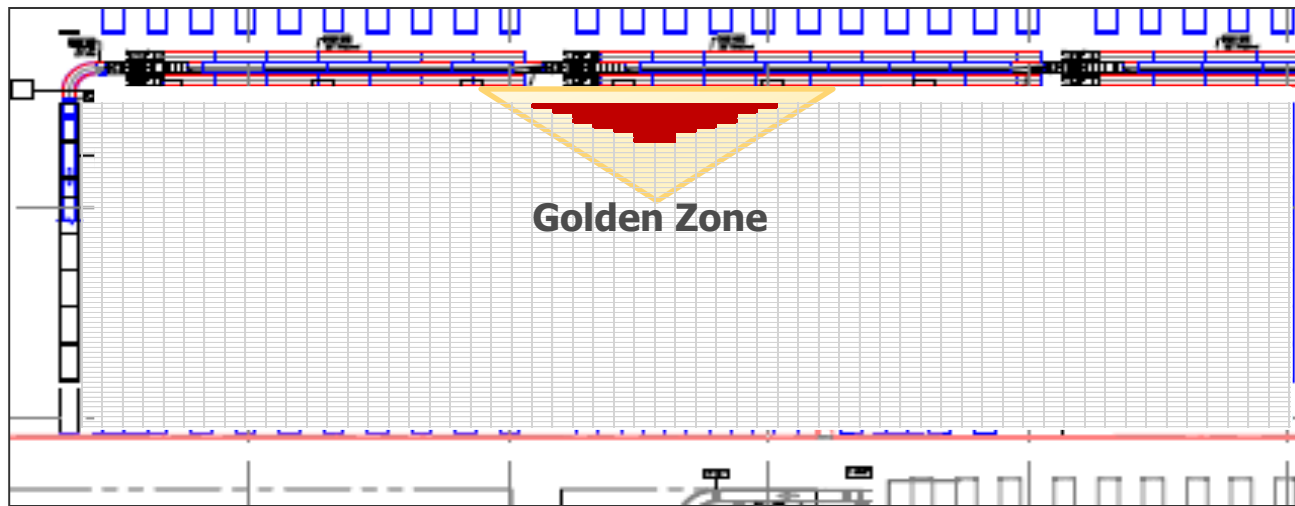
- SKUs were not slotted according to velocity.
- Directed Putaway was not utilized.
- Location sizes were consistent, driving high replenishments.



# Velocity Slotting - Case Study

Fortna analyzed and implemented Golden Zone slotting for a high fashion retailer. The top 50 SKUs were plotted to visualize the need for slotting.

- **50%** reduction in Picking travel.
- **65%** reduction in Putaway travel.
- Order completion time dropped by **18%**.



# Parallel Processing

**Consolidation operations are implemented more often as orders become larger and more complex.**

- Orders are picked in multiple areas in parallel.
- Batch or cluster picking increases efficiency of picks.
- Consolidation operations used to organize units into complete orders.
- These can be complex or relatively simple.
  - Conveyor-based tote consolidation
  - Unit sorters
  - Zoned Put-to-Light sortation

# Parallel Processing - Automation Technologies

Automation technologies are a key to increasing speed throughout multiple operations.

## Tote Consolidation



Groups totes coming from multiple pick zones to create complete orders

## Unit Sortation



Sorts batch picked units to chutes based on waving methodologies

## Put-to-Light



Totes arrive in designated zones to allow units to be sorted by order

# Parallel Processing - Case Study

A conveyor and WCS-based consolidation operation was implemented to merge totes for an order, and release the order to a pack station.

- Completed order time was **cut in half**.
- Upgraded shipments dropped by **80%**.
- Packing productivity **quadrupled**.



**Before**



**After**



# Impact of Speed to the DC Strategy

## Questions to ask:

- Where are the tradeoffs between speed and productivity?
- What are the upstream processes that impact speed?
- What is the true cost of speed?
- Do all channels and customers require the same level of service?

# Key Takeaways

- **Speed is table stakes; Disruptive change requires different thinking.**
- **Impacts of speed are felt throughout the business.**
- **There are three key ways you can accelerate fulfillment within the DC.**
- **Speed is key to competitive advantage.**

**FIND WHAT'S  
NEXT.**



**PROMAT** 2015

McCormick Place South | Chicago  
March 23-26, 2015  
promatshow.com

powered by  MHI

## ***For More Information:***

HelgiLeja@fortna.com

BradAnderson@fortna.com

www.fortna.com

Or visit ProMat 2015 Booth #4573