Dos and Don’ts of a Warehouse Management System Implementation

Warehouse Management Systems (WMS) have become essential tools to most manufacturing, distribution and retail businesses. These systems track and control the flow of goods into, and out of, a distribution center. A WMS also controls several other critical processes. It directs workers to perform tasks in the most efficient path, provides management with estimated labor hours needed by zone to complete work, informs key individuals when something is not right (e.g. unplanned out-of-stocks), and controls and manages both light manufacturing processes (work orders) and value added processes (repackaging, labeling); it provides data that controls conveyors, pick-to-light and other automated equipment, and more. The scope of control and influence of these applications have grown beyond the four walls of the distribution center. Smart businesses utilize WMS to have the right product at the right place and the right time to improve customer service, reduce direct labor content, and reduce inventory carrying costs.

What if your business does not own a WMS and is planning to install one, or, if your existing WMS is outdated? Selecting and installing these systems requires a substantial financial and human capital commitment. The justification, selection, and implementation process typically spans one or more years. All major business functional areas are affected, including: manufacturing, purchasing, sales, accounting, IT and human resources. Because of a WMS’s extensive impact, companies must be extremely disciplined during the project so as to insure success.

To this end, enVista has built a list of the key dos and don’ts for WMS projects. This list is a result of decades of experience recommending and implementing these and other complex applications. Our methods are thorough and proven to effectively guide our clients through the complex process of system implementation and change management.

Do:

Do make sure the executive team is committed to the project’s success. One issue we hear over and over is that the executive team either is indifferent to a WMS project or openly against the effort. This is a recipe for disaster. It is absolutely imperative that the executive team has full buy-in and communicates this to the business. There is no quicker way to sabotage a project than by a key executive’s actions. Conversely, there is no better way to insure success than for visible, active executive participation.

Do identify the project goals and justification. Insure that the goals are clearly defined and understood by the organization. Understand and communicate how the project supports broader organizational goals. Project goals must be realistic and very simply spelled out. In other words, they must be readily understood and attainable.
Do your homework. Be thorough in gathering your data in regards to order volumes, near-term forecasts, peak season trends, SKU classifications, stocking units, shipping methods, item dimensions/weights, storage requirements, customer specific requirements, labor hours worked, etc. This will be your foundation for all of the work and decisions to come. Don’t assume. Know.

We had a past client whose project team knew their key statistics when we asked for them. This made the planning for equipment, racking, and related items, as well as the entire bidding process, very effective.

Do insure that Operations owns the system. WMS projects require many differing business areas to come together and work towards a successful implementation. Each has its own set of priorities. However, Operations must own the project and be the principle driver and decision maker. After all, Operations has to make the project successful, not accounting.

Do plan for the future. Know your organization’s five-year plan in regards to inventory mix, long-range forecasts, planned product mix, strategic goals, store opening projects, ecommerce plans, etc.

Do build a list of functional requirements and be sure the list is thorough. Weight each requirement so that you can score the solutions you investigate. This also lets you know where your current processes may need to change.

Do follow a proven software selection and implementation process. As stated, WMS applications are very complex and have significant organizational impact. The selection and implementation process must have all of the necessary tasks required to insure success. These include: requirements definition; future state design; proof of concept/conference room pilot; configuration; testing, testing, testing (did I say testing?); user education; change management; interface development; and many, many more. A proven methodology and experienced project team are a must.

Do plan on performing a four wall physical inventory prior to go-live. WMS systems only work as intended when the inventory data is accurate. Also, these systems typically require more data than what is available on ERP based systems (location ID, LPN, inventory status). The last thing the project team needs is to fight inventory inaccuracy issues during the go-live period. These just compound any other problems that occur.

Do purchase a WMS package, and do manage the vendor. Throughout the review and selection process:

• Take with a grain of salt vendor reference site visits, as vendors will only schedule meetings with trusted clients.
• Validate the vendor’s financials and how the vendor is trending in the industry.
• Do not plan to use the latest release or new technologies (don’t be on the bleeding edge).
• Verify all responses from the vendor including RFP/RFQ, services pricing and schedule adherence.
• Do plan a very thorough scripted demo, and manage it carefully. Don’t allow vendors or other team members to sidetrack the true purpose of the demo.
• Ask plenty of questions and demand clear answers. Your job depends on it.
• Don’t buy promises of features planned in upcoming releases. The vendors’ development priorities change as the market leads them.
• Trust, but verify.
Don’t attempt multiple major distribution projects with the same go-live. For example, a distribution center relocation, ERP implementation and WMS implementation should not be planned to occur at the same time (within the same two to three months). Also, with initial go-lives, do not plan for the system to start up in multiple distribution centers at the same time. All new systems have a learning curve. Allow adequate time for this.

Don’t modify the system. Beware of scope creep. It’s been our experience that upwards of 70 percent of developed modifications are either unnecessary or are replaced with future system upgrades. Stick to the base! Change your processes, as necessary. Base implementation risks are significantly reduced (risks of cost over-runs, schedule delays, future upgrade difficulties and costs). Also, once the initial design is completed and agreed to, be adamant about not allowing significant changes, as these will invariably extend the timeline, add cost, and introduce higher risk.

Don’t scrimp on go-live support staffing. The go-live plan should incorporate a support staff that provides plenty of coverage for support of the workers on the floor, supervisors and managers, and IT areas. Shifts need to be considered to insure coverage for all working times. The support staff needs to be adequately trained to answer questions within their assigned areas or know who to contact to get the answer.

Don’t under budget. Build into the project budget sufficient funds to ensure success. Don’t scrimp on the time and resources needed to thoroughly design, test, and train. The money and time spent up front in these areas is critical to a successful and managed go-live. Also, build in a buffer. Invariably something comes up that was not anticipated. Murphy’s Law happens. So, have some time and funds that can be used when the unexpected occurs. Five to ten percent is reasonable.

Don’t under test. Make sure to plan to test, test and test some more. Prepare thorough test scripts. Your vendor should be helpful in providing some testing templates that can be tweaked to your needs. Test everything: interfaces; backups; base functionality; and all system hardware pieces (servers, printers, RF terminals). Testing also provides a very valuable learning environment in regards to standard operating procedures development.

Don’t under train. Plan sufficient time to train all key users. Set up a mini warehouse complete with actual product, cartons, and equipment that will be used, and construct hands-on exercises. Depending on the skill level of your workers, plan to go through each training cycle twice. Plan to have translators available, as needed.

To sum it up:

DON’T TAKE SHORTCUTS! There aren’t any. To think you can save a week or two by combining, say, user training with testing, or to make up time by arbitrarily reducing training time is a mistake. Be prepared and plan on taking the time needed, based on system complexity. We advise our clients that they will test the system one way or the other - either prior to go-live and in a very controlled setting, or after go-live when the walls are falling in. It’s their choice.

We are constantly fighting the battle of the schedule. From our experience it’s always better to delay the cut-over if key preparations are not completed. These include: site preparations, master data accuracy, thorough testing, thorough training, a very detailed cut-over plan and very detailed cut-over staffing plan. With these steps accomplished, cut-overs are much more successful and survivable.

In closing, plan well and plan smart. Don’t attempt more than what your organization can reasonably accomplish. Keep it simple. Keep the design simple and thoroughly justify any automated equipment. The more automation, the greater the overall project timeline and expense.

Lastly, rely on trusted experts to lead you through the process. As stated, a WMS project is a truly significant event for your organization, so be diligent. Testing and training are imperative. Lastly, lead. Lead your team and the organization to higher levels of efficiency, reduced costs, and greater customer service.