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PROVIDING INNOVATIVE SOLUTIONS WHICH OPTIMIZE STORAGE AND ORDER
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Seven Keys to Improving Distribution Labor Productivity

The last few years have seen very constrained budgets for major investments in new distribution facilities and material handling equipment. As unit volumes increase, putting further strains on DC capacities, many companies must find solutions that enable them to achieve greater throughput from existing facilities without major investments in automation. In the face of these demands, distribution managers are aggressively looking for alternatives that can help them drive out costs and increase productivity.

The good news is that labor productivity improvements can substantially reduce fulfillment cost while increasing throughput and customer service. Better still, these results can be achieved with low risk and at moderate levels of investment that usually provide a return on investment in less than one year. In fact, labor productivity improvements in the range of 15% to 30% are possible and commonly achieved.

Despite the fact that productivity improvement initiatives have proven themselves in hundreds of companies, including many of the world's logistics leaders, many companies are still unfamiliar with the key underlying principles of these successful initiatives.

By adhering to these seven principles as part of a productivity program, companies can reduce distribution costs, increase throughput, and gain competitive advantage through performance and service leadership.

- 1. Start With Individual Accountability** - Overall productivity in the DC is ultimately based on the accumulation of individual performance across operators and tasks. Yet, very few companies do a good job measuring individual performance. Productivity improvement starts with the notion of individual measurement and accountability.
- 2. Build Standards Based on the Right Methods and Procedures** - Standards based on sub-optimal distribution methods and procedures will miss significant opportunities for productivity gains. Yet many companies attempt to build standards on existing processes without first carefully evaluating whether they are appropriate or could be improved.
- 3. Productivity Can Be Improved Through Either Software or Engineering, but Results are Maximized When Both Are Utilized** - Performing the up front engineering work to develop the right methods, using those methods as the foundation to build discrete standards, and then combining that work with labor reporting software that can dynamically calculate performance expectations based on those standards, clearly offers the largest opportunity for productivity improvement.
- 4. Focus Management's Attention on the Details** - While clearly attainable, significant productivity gains are won and lost in the "trenches." This means that management must focus on the details of the program for it to deliver maximum success. Simply stated, while the right strategies and planning for improved productivity are important, successful program execution is what ultimately delivers the results.
- 5. Train Operators and Supervisors for Success** - There is growing recognition of the essential role of high quality training in any supply chain improvement initiative. This is especially true in productivity programs, where training of operators and supervisors is fundamental to the very concept of the solution.
- 6. Incentives Can Work – But Only if Done Well** - In an effort to increase distribution productivity, many companies gravitate towards operator incentives to increase individual performance. While incentives can often be a key part of an overall productivity program, it is critical that they are well executed to avoid problems that outweigh the potential advantages.
- 7. Utilize Formal Change Management Teams and Techniques** - Organizational change doesn't just happen. There is a proven approach to "executing the change" in productivity initiatives that enables realization of the improvement potential. Establishing formal teams and building a communication plan are important elements of this process.



In an era of increased logistics pressure and significant need in most organizations to reduce or control costs while maintaining or improving customer service, productivity improvement programs often represent the highest payback, least risk opportunity to achieve these challenging goals. *This article was provided by TZA (www.tza.com)*

Flexible Acquisition Programs

Customized, Flexible Solutions That Fit Your Business Demands

In today's ever changing economy, successful business leaders have three main objectives: control operating costs, improve business agility and manage financial risk. Oftentimes, these objectives can become compromised when considering the acquisition of capital equipment, due to the lack of flexibility in traditional procurement options such as purchasing or leasing.

Both of these traditional options have positive and negative attributes associated with them. Purchasing capital equipment outright can have benefits if your company has enough cash to justify a quick payback estimate, high return on investment, or simply, take advantage of certain income tax incentives available today. However, ownership has hidden limitations such as the lack of agility, or inability to adapt to evolving business demands.

On the other hand, traditional leasing programs provide an alternative to up front cash acquisition. The traditional lease is a financing program centered on the equipment acquisition value, annual rate of interest, and equipment residual values supporting a fixed monthly payment for a defined term (usually 60 months). The lease approach preserves cash and the bank line of credit which is then available for other business needs in the future. Nonetheless, similar to a purchase, the lease encumbers flexibility and risk avoidance. If business needs change during the term of the lease, you will be faced with either staying the course or be forced to break the contract and sometimes incur significant penalties.

Considering the limitations noted above, today's leading-edge suppliers offer a third option, flexible acquisition arrangements. Similar to a lease, these programs are designed to support an organization's strategic direction while also embracing equipment optimization, productivity and adaptability. This solution centers its arrangement on the appropriate equipment needs for a term that makes sense in light of current business demands, coupled with flexibility such as equipment return provisions so that as business demands change so does the solution, without financial penalty.

A customized, flexible acquisition plan can be tailored to your company's needs and priced accordingly. It allows you to avoid a large capital outlay, reduces operating costs and improves cash flow while minimizing risk. All of which will work to satisfy your business objectives of controlling costs, improving agility and effectively managing financial risk.

Careful consideration of the alternatives can help you arrive at the most effective decision and lead to the best use of the company's resources to meet its financial goals.



Need Qualified Employees?

Qualified Candidates May Not Be So Easy To Come By

Hiring qualified employees in every field is becoming more challenging these days. With unemployment hovering at 8%, one would think that there would be ample candidates to choose from. It does not appear that this is the case. Hiring qualified employees to staff warehouse positions can be especially challenging for employers if these positions are for equipment operators, dock workers, product packers and pickers.

If you run a job posting recruiting for these positions, a recruiter may receive hundreds of applications in reply from applicants who may or may not fit the qualifications, but nevertheless feel they do. While at other times, there is an abundance of applicants and no opportunities for which to hire them.

So what is the best methodology to hire qualified candidates? There is no one method, but here are few thoughts to consider:

- **Develop a relationship with local schools and trade schools in your area.** Ensure this relationship allows for visits from students via open houses and or school field trips. One never knows when someone will pass through your facility that may have an interest in working for your organization in the future.
- **Work with the local Department of Employment Services.** In some states, employers can list opportunities as they arise. If the Department of Employment Services knows the organization and the organization's commitment to hiring qualified unemployed workers, this may be one venue to attract qualified workers.
- **Work with specific temp-to-hire agencies that specialize in the type of worker you are interested in hiring.** When the temp begins work and prior to making any long-term employment commitment, employers assess the quality of the temps and whether or not they are candidates for future employment with the company. Remember however there is joint liability between the organization and the temp agency when it comes to discrimination laws.
- **Contact veteran sources.** Many returning soldiers that have been deployed to serve our country are now returning and finding that the positions they once held no longer exist. By working with the veteran representative at the local unemployment service an employer may be able to obtain these displaced qualified candidates.
- **Does your organization have an employee referral policy?** If not, it may be a venue to pursue. If your employees are incentivized to refer qualified candidates to your organization, it may turn out to be a win-win situation.



Rack Repair Identification and Replacement

Your Guide To identifying When Your Rack Is In Need Of Repair And How To Address It

One of the most common safety concerns in many warehouses and distribution centers today is rack damage caused by lift truck impact.

To help prevent any potential safety issues it is imperative that inspections for damaged racking be part of your company's daily routine. A common concern among Warehouse Managers when inspecting rack is knowing what to look for and how to determine when a rack needs to be repaired. Below are some examples that will help you identify when it is time to replace your rack:

- **In Good Condition**
 - No dents beyond 1 inch depth of the face of the upright
 - No creases in the steel
 - No broken welds
 - No torn steel
- **Needs to be Monitored for Potential Failure**
 - Dents up to 1 inch depth of the face of the upright
 - No creases in the steel
 - No broken welds
 - No torn steel
- **Needs to be Repaired to Avoid Potential Failure**
 - Dents beyond ½ in depth of the face of the upright
 - Creases in the steel
 - Broken welds
 - Torn steel

Once you have identified that you have rack that needs to be repaired it is imperative that you fix the issue immediately to avoid any potential disaster. In many cases rack repair is an easy on-site option that can help ensure your structure's integrity and safety.

For years, addressing warehouse rack damage was a matter of replacing of rack components, especially the load-bearing columns. However, the pressure to maintain continuous product flow and the substantial costs associated with this investment often overrides replacement of damaged racks.

Today rack replacement is not your only option. In recent years there have been dramatic improvements in the technology used to repair damaged racks. Rack repair can cut out the damaged areas of the rack and add a new post for a more impact-resilient solution. In most instances, there is no need to unload the pallet rack. These repairs can be done on site and offer minimal facility interruption. Additionally, the repair will maintain the structural integrity of your system and reduce maintenance costs.

Damaged pallet rack is an important safety consideration in any warehousing environment. As the warehouse is potentially one of the most dangerous places to work, it is therefore imperative that your racking is up to stringent health and safety standards.

To view pictures of various types of damaged rack and a short video on the rack repair process please visit www.associated-solutions.com/rackid.

Before



After



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Associated University was designed to provide supply chain management professionals with access to information on practical solutions concerning the industry's current hot topics.

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To get more information, register for upcoming events or to see videos of past events please visit the Associated University webpage at www.associated-solutions.com/au.



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SERVE YOU BETTER?

Our goal at Associated is to provide you with innovative logistics solutions that create sustainable value within your supply chain. It is important to us that all of our customers receive prompt, efficient, courteous and professional attention. To help us determine how we can improve in these areas, we will be sending you a Customer Satisfaction Survey in the next few weeks. We ask that you take a few minutes to answer some questions about our service and how we can better serve you.

