



Warehouse & Logistics Cost Analysis and Reduction

KEYWORDS

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ABSTRACT

Logistics Advice will analyze the costs associated with your operation and will implement Cost Saving Strategies. Our Cost Analysis activities often go hand-in-hand with the measuring of productivity and quality performance. We can help you reduce costs substantially by finding ways to optimize inventory, to eliminate bottle necks and down time, and even to help you renegotiate supplier agreements and 3PL contracts.

Improving productivity and quality performance:-

Measuring the productivity and quality performance to generate meaningful reports are very helpful tools, which can be used to streamline the logistics operation. We will set up the measuring tools and discover the areas where savings can be achieved by exposing inefficient activities and designing a system for potential improvements. This activity often generates direct savings of more than 25%.

Warehouse Management System Implementations:-

After helping you select the right software for your warehouse and/or logistical needs, we will assist you with the negotiation and implementation of the new software as well. Having an experienced professional by your side during the implementation of the new system will help you avoid costly mistakes in the process. We have successfully implemented Warehouse Management Systems (WMS), automated storage systems, automated and semi-automated order picking systems, conveyor belt systems for receiving and shipping purposes, shrink-wrap and packaging machines, and much more.

Warehouse HR Management:-

The combination of measuring the operation's productivity and our extensive HR management experience enables us to identify your most productive and least productive employees. We know how to build productive teams and provide these HR services for your operation as well, including hiring, firing, coaching and performance management.

Distribution Route optimization and on board computers:-

A very costly mistake for many companies is the sloppy and unorganized Distribution Routes driven by their trucks. Lack of knowledge and time are often the reasons why companies fail to optimize their Distribution Routes. Stop throwing your hard earned money out the window! Logistics Advice will analyze your distribution process and answers questions such as: Are there ways to measure driver's performance? Can the routes be restructured to reduce mileage? Are the vehicles large enough or too large for the task (fleet analysis)? Should I outsource all or part of my distribution? How to load trucks and other vehicles in the most efficient way possible? How to deal with seasonal fluctuations and others?

Demand planning and sales forecasting:-

Who is responsible for forecasting the needs of the supply chain? Where does demand/usage begin? These are just two questions supply chain professionals might ask when focusing on the end user or consumer.

Without shared and readily available information on end user sales and demands, all other trading partners—and those within a company not directly related to end user demand—are working off "derived demand" from supply chain individual enterprise sales.

Within each echelon, several forecasts are alive but often without the consensus of all parties in a company, much less the entire supply chain. A company develops business forecasts and goals, as well as product/market forecasts, to achieve broad long-term financial development benchmarks. These forecasts provide a basis for resource planning, which ultimately leads to shorter-term, monthly forecasts aimed at deriving the "numbers" that drive earnings for the year.

Sales and operations planning next addresses resource loading to meet two- to six-month plans for capacity use and supply planning. Finally, short-term production forecasts are needed to set production, operations, and sales schedules.

For most businesses, a key question is whether they have consensus for forecasts to drive the company.

Supply chain management (SCM) manufacturing and operations strategies:-

Forecasting leads to supply chain manufacturing strategies that go beyond an individual business. Product Life Cycle Management strategies come into play when SCM addresses integrated research and process design targeted at getting products manufactured and to market as fast as possible. Processes dealing with postponement become extremely important in deciding where in the supply chain manufacturing and operations functionality are performed.

Instead of taking 20 years to achieve significant market share globally, companies now establish supply chains that get product from design to key world markets in one year or less. Otherwise, ROI payback is lost.

Suppliers need to be linked to production schedules and aware of demand throughout the supply chain. Purchasing and supply management occur at all stages of the supply chain. At each level, logisticians exercise their responsibilities to order and replenish products for their businesses from select suppliers to meet demand. Disjointed supply functions can occur anywhere in the supply chain when there is a fracture in communication.

Too often, purchasing professionals order products and supplies when they know there are excessive supplies of product already in the supply chain. Purchasing goes well beyond getting the best price for the product from a supplier. It knows where and how much inventory already exists.

Rationalizing the nodes in the supply chain and going beyond interpreting a company's assembly, manufacturing, and distribution nodal points is the ultimate vision of supply chain logistics professionals. For example, many businesses now work with their customers to justify the number of nodes for deploying inventories. They find that their customers have as much inventory in their systems as the manufacturing company, its suppliers, and intermediaries. Inventories in transit and at "dwell" points in supply chains need to be analyzed to streamline supply chain logistics. As a result, visibility of orders, supplies, inventories, and shipments is critical to supply chain planning.

An often-overlooked area in supply chain applications is reverse logistics. The recycling of automobile batteries, for example, illustrates the role of reverse business systems and supply chains that are multi-echelon and inter-enterprise.

An end user orientation for auto batteries has both environmental and economical advantages, increasing reusability of materials while keeping the cost of batteries low. The end result is that approximately 95 percent of the lead used in new batteries is from recycled materials.

Warehouse management systems and warehouse control systems:-

Although there is some overlap in functionality, warehouse management systems (WMS) can differ significantly from warehouse control systems (WCS). Simply put, a WMS plans a weekly activity forecast based on such factors as statistics and trends, whereas a WCS acts like a floor supervisor, working in real time to get the job done by the most effective means. For instance, a WMS can tell the system that it is going to need five of stock-keeping unit (SKU) A and five of SKU B hours in advance, but by the time it acts, other considerations may have come into play or there could be a logjam on a conveyor. A WCS can prevent that problem by working in real time and adapting to the situation by making a last-minute decision based on current activity and operational status. Working synergistically, WMS and WCS can resolve these issues and maximize efficiency for companies that rely on the effective op-

eration of their warehouse or distribution center.

BUSINESS PROCESS INTEGRATION:-

Successful SCM requires a change from managing individual functions to integrating activities into key supply chain processes. In an example scenario, a purchasing department places orders as its requirements become known. The marketing department, responding to customer demand, communicates with several distributors and retailers as it attempts to determine ways to satisfy this demand. Information shared between supply chains partners can only be fully leveraged through process integration.

Supply chain business process integration involves collaborative work between buyers and suppliers, joint product development, common systems, and shared information. Operating an integrated supply chain requires a continuous information flow. However, in many companies, management has concluded that optimizing product flows cannot be accomplished without implementing a process approach. The key supply chain processes are:

- **Customer relationship management :**
- **Customer service management :**
- **Demand management style :**
- **Order fulfillment :**
- **Manufacturing flow management :**
- **Supplier relationship management :**
- **Product development and commercialization :**
- **Returns management :**

Performance measurement:-

Experts found a strong relationship from the largest arcs of supplier and customer integration to market share and profitability. Taking advantage of supplier capabilities and emphasizing a long-term supply chain perspective in customer relationships can both be correlated with a firm's performance. As logistics competency becomes a critical factor in creating and maintaining competitive advantage, measuring logistics performance becomes increasingly important, because the difference between profitable and unprofitable operations becomes narrower. The Firms engaging in comprehensive performance measurement realized improvements in overall productivity. According to experts, internal measures are generally collected and analyzed by the firm, including cost, customer service, productivity, asset measurement, and quality. External performance is measured through customer perception measures and "best practice" benchmarking.

Fleet administration and costing:

This feature provides detailed information relating to vehicle and fleet costs. It assists the logistics manager by providing analysis and information concerning individual vehicle and overall fleet profitability. Features include vehicle and driver cost analysis as well as overall fleet costs.

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