
Back to Basics

Part 2: Putaway

This article is part 2 of a 12 part series where we focus on warehouse fundamentals that are critical to success. In any sport, hobby, or skill, a mastery of fundamentals means better performance. And we think warehouses are no different. Read on to learn more, touch up on the basics, or compare your operations to the best practices we'll highlight in each article of the series.

We continue our Back to Basics series with a focus on putaway. Putaway is the process of taking product off the receiving dock and putting it into the most appropriate location. The first choice for putaway is not to put it into a location, but rather to ship it directly out on a customer order via cross docking (as previously discussed in Back to Basics Part 1: Receiving).

If cross docking is not an alternative, finding the next most appropriate location will allow for faster order fulfillment and an increase in overall productivity. Here we discuss six areas of opportunity that are specific to your putaway operations and will help achieve those goals:

Locate directly to picking location

Active picking locations are the best places to direct new inventory after cross docking is exhausted as an alternative. These locations will minimize future replenishments and improve productivity.

At the time of receipt, evaluate the condition of the active pick location for a product. This includes both case pick and split case (loose piece) locations. Determine if the pick location has enough inventory to satisfy future days of picking. Often, this can be accomplished by comparing the available quantity of inventory at the pick location to the maximum quantity for that pick location or forecasted needs. Moving product directly to a picking location may require a split of receipt quantity, but the productivity gains over having to store and later replenish will outweigh this effort.

Locate near eventual pick locations

If it does not make sense to move product to the active pick location, then making the biggest part of the eventual move toward the pick location is the next best putaway strategy.

When using this type of locating logic, ask yourself how much product should be moved close to the pick location. This is a question best answered by considering each product separately and analyzing the picking profile and velocity of each item.

The picking profile for an item is determined by how the product typically picks when it is shipped. It wouldn't make sense to move any portion of a product close to loose piece locations when it only ships in cases or pallets. Use an item's pick profile against the total expected ship volume including forecasted sales to determine how much to move near pick locations. Determine how many months of shipments you can afford to get close to pick locations, without overwhelming reserve locations closest to the pick locations. Do this type of locating by type of pick.

For example, 10,000 units of product ABC are received. 25% of the units are expected to ship as loose piece, and 75% of the units are expected to ship as full cases. Move approximately 2,500 units near loose piece locations and 7,500 units near case pick locations. When making this kind of putaway, do not break down pallets or receipt quantities to get an exact match to ideal quantities. Forecasts and projections are rarely exactly accurate.

Base on velocity

When determining how close to get the product to the pick locations, consider shipping volume or velocity. A fast shipping product deserves a reserve location closer to the eventual pick locations because it will replenish more often.

It also doesn't hurt to locate a slower moving item further away from picking, because it will be replenished less often. Consider the importance of examining more than ship units. In some environments, it may be critical to consider cubic volume shipped instead of against units shipped.

Some of our clients have employed this velocity concept in conjunction with the proximity to picking concept. Keeping certain portions of a receipt quantity close to picking while the remaining are treated as slow movers can be especially helpful with products that have high seasonal swings or large initial ship quantities.

Use a system

Use a system to determine and direct putaway. This can be as simple as a report of available locations, or as complex as a warehouse management system (WMS). Even the best operators can't possibly select the best locations all the time. They may not have access to ship velocity, pick profile or any of the other criteria discussed above.

Utilize empty locations

The benefit of putting away to an empty location is that you get a free cycle count. If no product physically exists in the destination location when the operator is putting away the product, then what was expected has just been confirmed. If during the putaway an operator

goes to the “empty” destination location and there is product present in the location, he has just found an inventory issue.

Inventory issues should be dealt with immediately. One method to deal with the error is to put the product into the destination location and remove the “found” inventory. Found inventory can then be resolved by inventory control staff. Another option is to determine another location for the product, then notify the inventory control staff of the problem location.

Typically, this concept requires extra locations that are 10-20% open at any given moment. Many distribution centers do not have this luxury, but can attempt to gain the benefit of this concept during off-peak times.

Locate to smallest possible location

Finally, whether consolidating or using empty locations, configure your storage equipment to use the smallest cubic location possible to minimize wasted space. Add extra beam levels and / or widespan decking to allow for locations for less than pallet sized receipts. Ensure that the putaway rules are configured to utilize the smallest locations available even if not in the most convenient location.

While this may seem obvious enough, it is a concept frequently cast aside when receiving volume picks up and the driving factor becomes getting receipts put away. The penalty for locating product to the most convenient location is eventually paid for with a cleanup of underutilized locations during off-peak times or picking productivity losses associated with additional travel time.

Even top performing DCs can improve operations with a renewed focus on the basics, and putaway is yet another area to examine. Decisions made during putaway can have dramatic impact on downstream productivities – place product in appropriate locations and you will be setting yourself up for future successes.