

Distribution Facility Relocations

Lessons learned from those that have been there, done that

Consolidating or relocating a distribution operation is a huge undertaking. It goes without saying that all companies want to minimize the impact of any change on their normal business. If an operational move is not planned and executed properly, the impact can cripple a company.

There are critical considerations to be made in order to be successful and reduce any business impact:

Identify Team Early

Identify the strongest members of your current operations team that are interested in relocating to the new facility. Dedicate them to the relocation project. Having the same staff (or hiring the new staff at project kick off) ensures project ownership and increases success.

One key point is to make sure that the team members have bought into the new operation vs. duplicating the old way of doing business. If they have not, the effect is more detrimental than helpful. When the team members are invested in the outcome of a project, they will do everything in their power to make it succeed. .

Communicate

Communication between all parties involved is essential to any successful project. Chances are that facilities, operations, people, equipment and maybe even systems will be changing at the same time the move is occurring. To keep the business insulated from all these changes, communication is critical between management, operations, customer service, sales, facilities, IT, third party providers, vendors, project team, procurement, inventory, QC, and all other involved parties.

To help ensure effective communication, design a communication or core team with at least one representative from each subteam or area. This team meets regularly with the goal of exchanging information and updates. This team does not solve any project issues.

Key rules for these meetings:

- ✓ Problem solving is not allowed during the meeting. All problem solving is to be done in subteams and the results communicated.
- ✓ Meetings are to be 1 hour long per week or bi-weekly (as move approaches).
- ✓ Representative(s) from each subteam or area must be present.
- ✓ Only critical items on the schedule are to be reviewed.
- ✓ Notes / decisions should be published from the meeting including open issues.

With all the different facets of the business represented, surprises are avoided, team unity is created, and business interruptions are minimized.

Create a Project Plan

Plan, plan, plan and then plan some more. Set up a project schedule with as much detail as possible. Include all tasks required to accomplish the move date. The schedule should include duration dates, resource names and hours and priorities.. Once the plan is established, keep it updated weekly. Distribute the document to all involved. Identify any critical tasks which may cause project delay as early as

possible. If delays are eminent, communicate as early as possible to determine viable options.

Train & Acclimate

Training of new processes, systems, equipment, etc. is critical to minimizing the business impact of a facility move. Even if everything remains the same except the location, people need to feel comfortable with their surroundings. Simple issues like locating the nearest restroom impact overall efficiencies. Take time to show people around, train (or retrain) operational and/ or systems procedures, and review new facility rules. This will increase ownership and pride with their new work environment.

Consider Relocation of Equipment and Inventory

Moving current inventory or reusing existing equipment in the new site adds another level of complexity to the overall schedule – especially if fulfillment must continue 100% uninterrupted. Assuming that no down time is allowed, plan on purchasing (or moving) safety stock and buying (or leasing) extra equipment to install in the new facility. Then, when the old facility shuts down, the remaining inventory and equipment can be transferred to the new building.

This typically requires extra time, accurate forecasts, and very detailed coordination in order to be successful. Other options include purchasing new equipment: installing and then selling existing equipment (when empty); shipping all or some safety stock direct from the supplier/ manufacturer and minimizing reorders to the existing distribution center; managing with minimal equipment and inventory until transferred to the new building; etc. Business decisions based on investment, timing and customer service fill rates need to be evaluated.

Anticipate Challenges

Remember that regardless of how strong your team is, and regardless of how much planning, communicating, training and coordinating is done, it won't be easy. Allow relocation project plans to have as much slack as possible. Do not try to do a move right before your peak days, seasons, or times. Try to coordinate a reduced shipping schedule for a period matching the difficulty level of the move.

Lastly, allow for a "valley of regret" in the planning where all project teams wonder "what did we do?" during the stress of the project and start up. As long as the project follows the above ideas, the valley of regret won't last long and you will be successful in your move.