



Organizing For Success - Part 2

Organizing for Success Part 1 discussed some basic random storage concepts, introduced the concept of tracking inventory by package size, and described a forward pick bin as a bin assigned to a single item and package size. Part 2 expands on these concepts. This article is for distributors that have or are thinking about adding a real-time wireless capability in the warehouse.

Many distributors segregate inventory by commodity type and set up separate areas in the warehouse for stainless steel fasteners, hex cap screws, seals, lighting fixtures, and so on. This approach is useful when sales orders predominantly contain a single commodity. Otherwise storing inventory in random bins by commodity yields increased storage density, but it does not help reduce picking costs. Segregating inventory by velocity code, package size, and how it is going to be picked would yield savings in picking costs in addition to improving space utilization.

How inventory is going to be picked means is it going to be picked by carton, box, loose pieces, full pallet, pick-to-tote, etc. The best way to store inventory is based on the picking method to be used. You want to further segregate the inventory based on how the inventory is packaged. For example, keep inventory being picked as full boxes and loose pieces in separate areas. Lastly, assign velocity codes to the bins in each section of the warehouse to make it easiest to access the items picked most frequently. For those readers thinking this is leading to a discussion of picking zones or putaway zones, it isn't. You can assign picking and putaway zones once you have this information, but assigning picking and putaway zones are more detailed topics for another article.

Forward pick bins are used to improve picker efficiency and control space allocation. There may be a number of business specific reasons to assign a forward pick bin to an item and package size. Absent special considerations, you assign a forward pick bin to an item and package size when the item is purchased in quantities greater than should be stored in prime real estate. These are usually items with an A velocity code. For example, you import an item that is sold in cartons where a typical receipt is 10 pallets; you don't want to store all 10 pallets in the best bins in the warehouse so you assign one or more forward pick bins to the item and carton package size and store the remaining inventory in random storage (overstock) bins in another section of the warehouse.

A forward pick bin is not required for an item stored in full pallets and sold in full pallets or where the velocity is such that the entire quantity for the item and package size is stored in a few bins. Forward pick bins should be the easiest bins from which to pick for items sold in a quantity less than the quantity in which the item is stored (cartons and pallets, boxes within cartons, and pieces within boxes for example). Forward pick bins must be replenished from overstock when the quantity runs out. This is an added cost to maintain forward pick bins so you want to limit the number of forward pick bins to where the labor savings during picking exceeds the replenishment cost.



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You pick a single package size of a single item from a forward pick bin. You could pick multiple package sizes from a single forward pick bin (like boxes and cartons when there are 12 boxes in a carton), but that is not usually the best strategy. Picking multiple package sizes from one bin results in increased travel time (because boxes and cartons could be picked using different methods) and leaves the bins a mess making picking and replenishment harder.

Actually it is a good practice for each bin in the warehouse to only contain a single item and package size. That means breaking current bins into smaller bins that hold a single item and package size. The advantages of this are:

- It is just as fast for the picker to find the bin because bins are logically numbered
- Picking is faster because the picker does not have to search through a bunch of items in a bin to find the needed item
- Picking errors are reduced since the opportunity to pick the wrong item with a similar part number has been eliminated
- Damage is reduced because pickers are not handling the inventory as much
- Order completion increases because it is clear that the inventory exists or it does not (false shorts eliminated)
- The putaway process can help minimize the number of bins an item and package size are stored in, improving density and reducing picker travel time
- Cycle counting is faster and simpler since the person counting does not have to sort the inventory in the bin - one of the basic rules of cycle counting is that you must count every item in a bin when you count the bin to make sure you haven't missed what you are looking for

This article discussed a method for assigning items and package sizes to storage bins based on the picking methods used within the warehouse. This article also provides some basic guidelines for when to use forward pick bins and identifies a number of reasons to consider storing one item in each bin. Making these changes may look like a lot of work, but the setup is only done one time while the operating savings continue every day.

Contact: Bill Muehlbauer
Office (920) 922-7499
Cell (858) 204-4127
bill@distributionstrategies.net