Warehouse Management Software Business Benefits

Warehouse Management System (WMS) performs instant verification of operator data entry to ensure accuracy and prevent errors in receiving, stocking, picking, and shipping that cause productivity lapses, poor customer service, and lost revenue. The dynamic real-time communication between the business system and WMS ensures accuracy and quick response throughout your entire organization.

Using a fully-functional, comprehensive Warehouse Management Solution provides your business with a level of control and organization that you have never seen before. You can now proactively manage employees through productivity data and system directed tasks, resulting in a significant reduction in the need to fight fires.

Key tangible benefits that are typically used to quantify the savings associated with a WMS include:

Labor

One of the most common justifications for implementing a warehouse management system is the reduction of warehouse labor. Most companies that install WMS systems realize a reduction in the need for temporary work forces during peak demand periods. These companies maintain steady labor and equipment levels while they increase sales. Indirect labor, overtime, and duplicate data entry are reduced.

Improvements in order accuracy and order fulfillment not only provide better customer service, they also reduce excess labor by eliminating material returns due to picking or shipping errors. Real-time RF receiving and put away ensures that inventory is accurately delivered to storage locations and that the inventory is available for picking. Order picking represents approximately 60% to 70% of total warehouse labor hours. Improvements of 16% to 25% are often realized by using an RF-enabled WMS. System directed task assignment increases picking efficiency by optimally directing pick path, eliminating product searches, enabling the processing of multiple orders in a single pass, enabling picking and packing in a single operation, and capturing serial and lot information at the time the operator performs the pick. This eliminates the need for later data entry.

Inventory

Increased inventory accuracy is the most anticipated benefit of using WMS. This benefit is typically associated with reduced backorders, improved customer service, and increased fill rates. Reliable inventory accuracy enables companies to maintain lower inventory levels through reductions of safety stock and scrap. Increased inventory turns contribute to a 12% average savings in inventory carrying costs. Plus, inventory reductions increase the storage capacity of the facility. Historically, inventory valuation and accuracy has been measured by the annual physical inventory. Generally accepted accounting principles now recognize inventory reporting from companies that employ warehouse management systems coupled with RF bar code scanning technologies. Inventory levels are continuously validated as users perform periodic real-time cycle counts.

Facility

Implementation of a warehouse management system can eliminate the need for expanding of existing facilities or constructing of new facilities. Companies also realize ongoing cost savings through reduction or elimination of outside storage requirements. The reduction of inventory levels that results from improved inventory accuracy translates into greater storage utilization.

WMS eliminates the need for the physical separation of inventory to avoid picking, shipping, or valuation errors. Material can be commingled in shared locations without jeopardizing customer, lot, order, or allocation integrity. Furthermore, WMS can automatically consolidate like product by directing the new incoming material to be placed in the same storage location if the same product is in storage. Such put away rules can optimize the utilization of the available storage space by eliminating honey combing effects.

Equipment

Improvements in labor utilization and the resulting workforce reductions often correlate to a reduction in material handling equipment. As a result, companies realize a reduction in annual maintenance expenditures as the equipment fleet is reduced. Future equipment needs may be reduced or eliminated as a result of workforce consolidation, shift elimination, and improved operational efficiencies. Additionally, companies realize equipment utilization increases from 10% to 30% by the reduction of idle time through task interleaving and evenly balanced workloads.

Other intangible benefits that are attained by implementing a WMS solution include:

Process Improvement

Implementing a comprehensive WMS facilitates standardization of inventory movements, picking methods, and inventory locations. This standardization helps to minimize reliance on informal practices, resulting in reduced training costs and lower error rates.

Enhanced customer service

By streamlining processes from order to delivery, companies can more accurately determine product availability and realistic delivery dates. A WMS can automatically identify and release back-ordered inventory and also can reduce returns as a result of increased shipment accuracy. Customers can receive up to the minute visibility to order statuses along with electronic Advance Shipment Notification (ASN) which can significantly streamline the receiving process at their facility.

Effective management control

WMS enables you to proactively manage your operations instead of fighting fires reactively. Real-time reports and alerts notify you of potential problems (e.g. order shortages, labor imbalance, etc.) while historical productivity reports give you a management tool to recognize good employees and identify and coach sub performing individuals.

Real-time accuracy and enterprise-wide visibility

Effective enterprise wide decisions such as order sourcing, inventory allocation, inventory order levels/sourcing, etc. can only be made through real-time and accurate view of the inventory.