



## WAREHOUSE PRODUCT SLOTTING – THE BENEFITS & RISKS

The term “warehouse product slotting” refers to the activity to assign specific warehouse pick locations to specific stock keeping units (SKU’s).

40 years ago, when I was a (very) young manager, my company had their warehouse laid out in the same order as the sales order sheet. This made it easier for the order pickers to find the required products, because 40 years ago they were using hard copy to tell them the product details for each order, and they were only picking one order at a time.

Sounds pretty logical doesn’t it? Maybe it was, 40 years ago. But times have changed, due to the introduction of technology into the warehouse.

Product slotting can have a major impact on the operation of your warehouse, more so than 40 years ago! This applies to both (a) existing warehouse operations and (b) new warehouse start-ups.

### THE BENEFITS

The benefits of a well-constructed and executed product slotting plan are significant, and can be summarised as follows:

- Optimise the cubic utilisation of the storage fixtures
- Maximise order picking productivity – by reducing travel distances
- Maximise put away productivity – by reducing travel distances
- Achieve effective workload balancing across zones and aisles, improving productivity and minimising bottlenecks
- Maximise ergonomics and safety for operators in the placement and selection of items – through appropriate slotting of fast-moving, heavy and over-sized items
- Minimise the labour cost / effort associated with the initial load-up of the new storage fixtures (ie one-off transfer from old)
- Maximise customer service – by reducing the lead time to process orders
- Reduced inventory damage – by matching the optimum fixture type to the nature of the inventory
- Ensure the appropriate storage of any goods which require lot tracking

### THE RISKS

The flip-side is, of course, that the potential risks of not having a well-constructed and executed product slotting plan are also significant.

We have observed over the years many new warehouse facility projects that failed to achieve business objectives at start-up because of inadequate planning, resource allocation and experience having been allocated to product slotting. We have observed many occasions where this important planning task has been under-estimated. Resultant failures can include:

- The inventory required to be stored doesn't fit
- Inefficient use of space in the storage fixtures
- Slotting outcomes are not optimised because the storage compartment design is too generalised (ie in storage equipment specifications)
- Put away of first receipts of inventory items not possible to the nominated bin locations because wrong size / too small
- Cost blow-outs and productivity losses during the initial put away
- Customer service failures because all product is not put away and available for picking within the required timeframes
- Relocation timelines in project schedule not achieved because of delays in stock put away caused by inappropriate bin location selection
- Direct negative and ongoing impact on productivity in put away and order picking because of inadequate planning for velocity profiles
- Direct negative and ongoing impact on productivity because of unnecessarily high replenishment workload from bulk storage locations
- Safety issues where planning did not adequately consider such as outer carton gross weights and special handling requirements

## THE MESSAGE

**Don't under-estimate the significant benefits to your (existing or new) warehouse operation that can be achieved by applying scrutiny, and expertise, to the critical activity of warehouse product slotting.**

