

# Five Ways to Drive New Warehouse Innovation



Here's how the key warehouse and logistics trends are impacting operations. Gain insights on the value that a reliable managed services partner can provide by managing these complexities while you focus on what you do best: running your business.

**T**he pandemic-inflicted supply chain disruptions are still in full force and will likely continue to impact these critical networks even after the virus has waned. From chip shortages to port congestion to labor constraints—to name just a few—the shocks have been widely varied and have impacted nearly half of all businesses in the US, according to the Office for Economic Co-operation and Development (OECD).

As the workhorses that keep the flow of goods moving around the globe, warehouses and DCs must find new ways to optimize their practices and help their organizations solve a number of pressing business challenges that seem to be emerging almost daily right now. As we move forward, here are the five warehouse management trends that companies can use to manage the “now” and prepare for the future.

**1 Automation technology:** With unemployment rates at historic lows and even lower for some types of work, warehouse operators can no longer afford to just “throw more people” at their operations as e-commerce order volumes continue to escalate. Many of them are turning to automation for help.

“With the current labor shortages, there’s an even greater need to assess your overall operations and determine what can be automated,” says Joe Tague, director, business applications at Canon

Business Process Services (Canon), “and what type of equipment—be it an automated guided vehicle (AGV), automated storage and retrieval system (AS/RS) or automated inventory system—would lessen the number of hours required to perform a task.”



By adopting automation, companies can scale to meet their customers' demands, give employees the tools they need to improve productivity and warehouse performance and position themselves for growth.

“Automation doesn’t take a day off,” says James Flora, solutions consultant, warehouse & distribution at Canon. He’s seen a big push for AGVs, AS/RS and other fully-automated solutions as well as options like powered conveyor belts, gravity feed conveyor belts and box erectors right now.

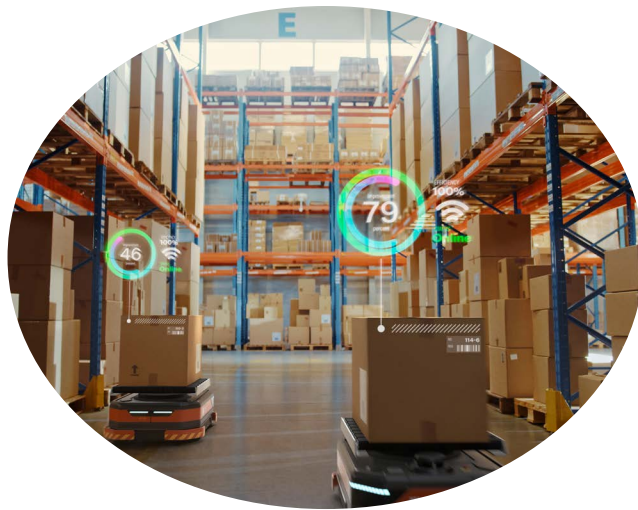
“Companies are adopting some of the more flexible or easy-to-integrate automation options,” says Flora, “and then building on those successes by moving into a more fully-automated environment.”

**2 Continuous improvement:** Defined as the ongoing improvement of products, services or processes through incremental and break-through improvements, continuous improvement helps companies achieve their short- and long-term goals around efficiency, sustainability, waste reduction, data-driven decision-making and other core business objectives.

There's plenty of room for continuous improvement in the modern warehouse, where managers are thinking beyond just putting out "daily fires" and focusing on the long-term impacts of their decisions and actions. By embedding continuous improvement into their corporate cultures, Flora says warehouse operators can help to drive waste out of their operations, improve sustainability and empower internal teams to suggest ongoing changes to core processes.

And because many decisions are based on inaccurate data, Jeremy Wisdom, senior solutions consultant, warehouse & distribution at Canon, says part of a company's continuous improvement focus should be on improving data quality in a way that supports good decision-making. For example, he says more companies are paying attention to key performance indicators (KPIs) like dock-to-stock cycle time, which measures the time spent on the receiving process across all of their inbound shipments.

Then, they're using those metrics to make incremental improvements to their fulfillment operations. Small steps like this help form a solid foundation for continuous improvement. "If you're not improving, you're falling behind," Wisdom cautions. "You have to keep moving your business model forward."



**3 Micro-fulfillment:** A strategy that makes the fulfillment process more efficient—from receiving an online order to packing it and in some cases offering last-mile delivery—micro-fulfillment leverages the speed of localized, in-store pick-up and combines it with the efficiency of large, automated warehouses.

“Companies are moving smaller warehouses, lockers and other distribution points closer to residential areas, and particularly on the direct-to-consumer side,” says Flora. “They want to bring fast-moving items and commonly-used parts closer to where those items are actually needed.”

For retailers, that means putting micro-fulfillment centers closer to customers, while manufacturing plants are taking a similar approach with their B2B customers. This is not a new concept for many manufacturing plants that have already implemented point-of-use supermarkets to bring small amounts of inventory closer to the point of consumption within their operation.

“There isn’t much surplus inventory available right now,” Wisdom points out, “so everyone is trying to move what little product they have closer to the end user to ensure faster replenishment, minimize buffers and control those elements that they can control.”





**4 Supply chain visibility:** Long the Holy Grail for every logistics, supply chain and warehouse manager, supply chain visibility—the tracking of parts, components or products in transit from manufacturer to final destination—became table stakes for all organizations during the pandemic.

From the earliest food shortages to the ongoing transportation snarls to the current disruptions, companies that knew where their goods were in the supply chain at any given point had a distinct advantage over those that were using disparate solutions, spreadsheets, emails and phone calls to find out where their orders were.

While challenging, incorporating historical data (what you have done previously and lessons learned), current status (what is out there now) and insights about the future enhances supply chain visibility and continues to be a top priority for organizations. They not only need to know where goods are located at any given time, but they also need to keep pace with consumer trends and demand cycles in order to develop the most accurate and reliable forecasts.

“It’s about understanding where the potential issues are and using root cause analysis on those issues to make the right adjustments quickly,” says Wisdom. “If you can’t see what’s happening, you can’t fix the problems or respond quickly.”



**5 Labor optimization:** If there's one thing that the current warehouse and logistics labor shortage revealed, it's that most companies didn't have the corporate cultures in place to support effective recruiting, training and retention of employees. As a result, the average warehouse is dealing with employee turnover rates of 43% right now, meaning nearly half of their current workforces will be done in less than 12 months.

The cost of retaining good workers is increasing and the next job is just one screen tap or mouse click away. These realities make labor optimization a must-have for all warehouse and DC operations in 2022. "Companies are struggling to find the labor they need to be able to flex up and down," says Tague. "As companies continue to grow and consumers continue to buy, having the right labor in place is going to be a key to success for many companies."

The good news is that it's not too late to implement an employee-centric culture that helps workers understand that they are valuable assets and contributors to their employers' overall success. "The number one labor optimization step should involve setting a foundation for a good, positive culture," Flora advises. Then, focus on building a labor force that can flex up and down with your operations, and that receives the necessary training to understand the current operations and its future direction.

Finally, it's important to understand that labor optimization is interwoven with all of the trends outlined in this white paper. "All of the components—automation, continuous improvement, micro-fulfillment, visibility and labor—have to work intricately together," says Wisdom. "With a strong partner that has the right expertise and can take a holistic look at the warehouse operations, companies can successfully alleviate many of the issues associated with each of these components."



### **A holistic solution for the modern supply chain**

Warehouse operations are looking to capitalize on these and other trends in order to support an overriding goal: free up more time and resources to focus on their core businesses. To get there, warehouses and DCs are aligning themselves with strong partners that offer specialized expertise. This includes Canon's dedicated focus on providing warehouse management services that span labor, process, technology and analytics.

To create a comprehensive, integrated warehouse and distribution management solution, Canon incorporates distribution and inventory management, warehousing workforce management, and business support services. Canon provides the assets, human capital, technology, data-based view and processes that give organizations a leg up at a time when they need it most.

Using a holistic approach to warehouse services, Canon centers on four key pillars of successful warehouse management: highly trained employees, proven processes, KPIs and best-in-class technology. By combining these pillars into a single, managed service, Canon effectively takes the burden of hiring, managing, training, and developing staff off of the company's shoulders—and at a time when staff is more difficult to recruit and retain than it's ever been.

Canon also pinpoints the company's key challenges and leverages its own teams (not temporary employees) across operations, human resources, safety, information technology (IT), and procurement and puts the right talent to drive results, performance and profitability. This allows companies to focus on what they do best, versus worrying about maintaining a trained labor force and whether their products make it through their supply chains on time, in one piece and in the most affordable manner possible.



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Canon is an integrated materials and logistics services provider that offers a groundbreaking approach to optimizing your warehouse performance. Our expertise in acquiring and retaining warehouse associates, optimizing technology, and managing a tailored, onsite solution to improve efficiency is unparalleled. This approach sets us apart from staffing agencies and 3PLs and enables us to deliver warehouse performance excellence. It all starts with an onsite business assessment and then advances to a comprehensive roadmap to take your warehouse operation to a higher level. Call us at 888-623-2668 to set up an onsite assessment today.

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