

## WAREHOUSE & DISTRIBUTION CENTER BEST PRACTICES:

Achieve the Right Balance  
of Labor and Technology to  
Optimize Your Operations



**T**he warehouse and distribution landscape changed dramatically in 2020. A global pandemic, a massive uptick in e-commerce, and faster delivery expectations converged to create a “perfect storm” for product-centric companies. These increased pressures are driving a bigger need for warehouse, distribution, and logistics managers who can effectively orchestrate global supply chain activity.

This presents a problem in an era when persistent labor shortages remain a continuing problem for warehouse and distribution center (DC) operations, and in a time when workplace social distancing requirements are adding to the problem and making it difficult for facilities to simply “staff up” in order to meet demand. Asked to move over from office environments or other departments, many new managers lack the expertise to be able to run high-velocity fulfillment environments.

The key point is that today’s warehouse and distribution leaders are facing new challenges. To meet these challenges, a well-balanced, holistic approach to outsourced logistics management can potentially help save money and improve efficiency.

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### **PLANNING EVERY MINUTE AROUND THE CLOCK**

The global pandemic accelerated a “repositioning” trend whereby new managers have taken on the monumental job of running the entire warehouse and distribution operation. This trend has been taking place for several years thanks to the shift away from brick-and-mortar to online fulfillment.

“Suddenly, someone who was a retail manager was being put in charge of starting up a new warehouse,” says James Flora, solutions consultant, warehouse & distribution at Canon Business Process Services (Canon), “or transitioning a business segment over to a warehouse-based fulfillment model.”

To the naked eye, these new engagements may not seem that complex. After all, how difficult is it to unload trucks, store inventory, pack boxes, and then load them back up onto another truck? As any experienced logistics or warehouse manager will tell you, the processes underlying those basic steps are challenging and must be well-orchestrated in order to be successful.

“There are a lot of different moving parts, including people, processes, technology, and suppliers to coordinate,” says Flora, “to ensure that every shipment meets the requirement of today’s consumer who wants the right product in the right place and at the right time.”

Good planning is also of utmost importance in an environment where all steps must be choreographed perfectly in order to meet customer demands. “In the office environment, it’s about getting things done this week or this month,” says Flora. “In the warehouse, you have to be boots-on-the-ground and planning out every minute around the clock.”

## THE THREE PILLARS OF EFFICIENT WAREHOUSING

Running an efficient warehouse requires three components: expertise, cost management, and technology. When companies effectively balance all three, they can achieve a level of operational excellence. Here are insights into the role of each key pillar:

### 1 WAREHOUSE/DC EXPERTISE

Charged with managing a critical link in a manufacturer's supply chain, the new breed of warehouse operations has three options for establishing the expertise they need: access it internally; shift operations offsite to be managed by outside experts (the third-party logistics [3PL] model); or bring experts onsite to customize solutions for your specific operation.

In most cases, the first option is out of reach (after all, if the expertise was onsite, wouldn't it already have been put in place?) and the second is a model that finds companies handing over control of their fulfillment operations to a completely different organization.

"If you try to handle the warehouse and distribution on your own, and if you don't have the subject matter expertise in-house, there will be a steep learning curve when it comes to picking the right solutions and equipment," says Jeremy Wisdom, senior solutions consultant, warehouse & distribution at Canon. "When you work with an outside source like a 3PL, you lose a lot of control."

With the right expertise in place, companies can establish their processes, design (or redesign) their facilities, and lay out the foundation for their entire operation. If you're starting a new site, for instance, you need to pick the right equipment, vendors, and management needed to run the operation.

Then, you have to design the processes and invest in the technology (e.g., a warehouse management system [WMS], barcode scanners, etc.) to support that operation. The problem is that this level of expertise can take years to accumulate in the field; it can't be learned on the fly. "For a sizeable warehouse operation," says Flora, "the cost of taking this route is just too great, and the risks are too high."

## **2** **BALANCING COSTS**

Balancing labor, inventory, freight, and facility costs against budgeting requirements is a tall order in today's busy fulfillment environment. Asked to achieve this balance on a daily basis, the modern warehouse manager must combine expertise and technology to make that happen. "Balancing out and optimizing all of the costs of doing business has to be an ongoing effort," says Joe Tague, director, business applications at Canon.

With labor costs being the biggest expense for any fulfillment center, managers need help recruiting and retaining their workforces. Many

turn to temp agencies that may fill positions on a short-term basis but do not take on the training and skill development to retain them. It becomes a vicious cycle of consistent, ongoing recruitment. Canon has processes in place to efficiently recruit candidates who possess the right skill sets, and then it trains them in a way that supports reduced turnover and increases output.



On the inventory front, the manager's focus should be on storing goods as efficiently as possible and ensuring easy access to fast-moving products. Similar attention must be paid to the company's technology investments, all of which should be producing a solid return on investment (ROI). "It's one thing to know a system can do what you want it to do," Wisdom points out. "It's another thing to actually integrate that technology, roll it out, and use it in the most optimal fashion."

### **3 THE TECHNOLOGY COMPONENT**

As more warehouses invest in automation, many of them are realizing that the selection process isn't as easy as it looks on the surface. It's particularly difficult for new warehouse managers that lack hands-on experience with the fulfillment process, and may not understand which applications do (or don't) provide consistent positive outputs.

Sifting through the many different technology options on the market can be particularly challenging. "Over the last decade, as companies put more emphasis on investing in their warehouse and distribution operations, new technology and equipment vendors have been cropping up daily," says Wisdom.

"Having the understanding of what's out there, what could work in a situation, and an eye for what makes sense from an ROI perspective are the must-haves right now," says Wisdom. "Companies also need to know what the glaring inefficiencies are, and what investment is really necessary to get the right ROI out of their equipment, hardware, and software."



## **THE BEST OF BOTH WORLDS**

Working with Canon gives shippers the best of both worlds when it comes to warehouse and distribution management. Canon provides a comprehensive, integrated solution that incorporates distribution and inventory management, warehousing workforce management, and business support services. It supplies the assets, human capital, technology, and processes that give companies a winning advantage in the fast-paced fulfillment environment.



This kind of holistic approach to warehouse services includes focusing on three key aspects of good warehouse management: a highly-trained staff, proven processes, and best-in-class technology.

With its stable of safety-trained, full-time warehouse employees, Canon removes the burden of hiring, managing, training, and developing staff. By identifying a company's key challenges, it effectively leverages its own teams (not temporary employees) in operations, human resources, safety, IT, and procurement to identify the right talent to drive performance and results.

"We directly integrate with the company's operation and follow that firm's protocols. Then, we leverage our expertise to perform the services that the company needs," says Tague, "and all while still operating within their parameters."

## **A GOOD EXAMPLE OF MAXIMIZING A WAREHOUSE OPERATION**

Canon recently began working with one major manufacturer that plans to build an automated, state-of-the-art warehouse to go with its modern production facility. Lacking warehouse and distribution expertise, the company began looking for a partner to help it bring that goal to fruition in the most cost-effective, efficient manner possible.

“They needed a warehouse partner that understood industry best practices and how to set up an effective and successful warehouse,” says Flora. The company knew that it needed to address the various expertise, labor, technology, and “balance” issues outlined in this white paper, and that it also needed a competent partner to help it get there.

When Canon came on the scene, the company had already mapped out and partially constructed its distribution facility. What it now needed was a partner to come in, operate within those four walls, maximize the space, leverage technology to minimize the number [touches are countable] of manual “touches” within the facility, and meet customer service level agreements (SLAs).



“They came to us because they didn’t have the internal resources to get all of that done well,” says Wisdom. “They also didn’t want to work with a 3PL and instead chose a holistic provider that has experience across people, processes, and technology.” Canon selected a WMS, picked out all of the distribution equipment, and procured the hardware and software that would be implemented in its operations.

The manufacturer’s decision to engage Canon has paid off in the form of cost savings, improved efficiencies, and an optimized warehousing environment. “We created a state-of-the-art environment that’s very scalable,” says Tague, “and that accommodates all of their needs, and all without taxing any of their internal resources or missing any beats along the way.”

## **THRIVING IN TODAY'S TURBULENT BUSINESS ENVIRONMENT**

This is a unique time in logistics. As many brick-and-mortar retailers move over to fulfillment-focused operations, the need for a strong warehouse approach is becoming more critical than ever. As they open new sites or transform existing operations into fulfillment centers, these companies need deep distribution expertise that isn't always readily available within their own ranks.

The companies that realize these talent gaps and reach out for help early will be best positioned to survive and thrive in the current "new normal" environment. "Companies are investing hundreds of thousands of dollars in their distribution solutions and processes," says Wisdom. "Getting it right the first time is critical, and that means having the right people and partners from the start."

Tague concurs, and says that the risk of not having the right partnerships and expertise onboard early can translate into significant challenges down the road. "Once you go into a live operation, if you're not set up the right way you'll find yourself in quicksand," he adds, "trying harder and harder to get out, but getting buried by everything that's getting thrown your way. Teaming with an experienced services provider helps you avoid this problem and enables you to be better prepared for success in the days ahead."

## **ABOUT CANON BUSINESS PROCESS SERVICES (CANON)**

Canon Business Process Services leverages advanced technologies and services to deliver agility, exceptional workplace experiences and improved business performance. We achieve these results by applying our workforce management capabilities, Six Sigma methodologies and implementation expertise. With professionals across the U.S. and in the Philippines, we have been named a Global Outsourcing 100 leader by IAOP for 14 straight years. Canon Business Process Services is a wholly owned subsidiary of Canon U.S.A., Inc. Learn more at [cbps.canon.com](https://cbps.canon.com) and follow us on Twitter @CanonBPO.

## **CONTACT US**

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