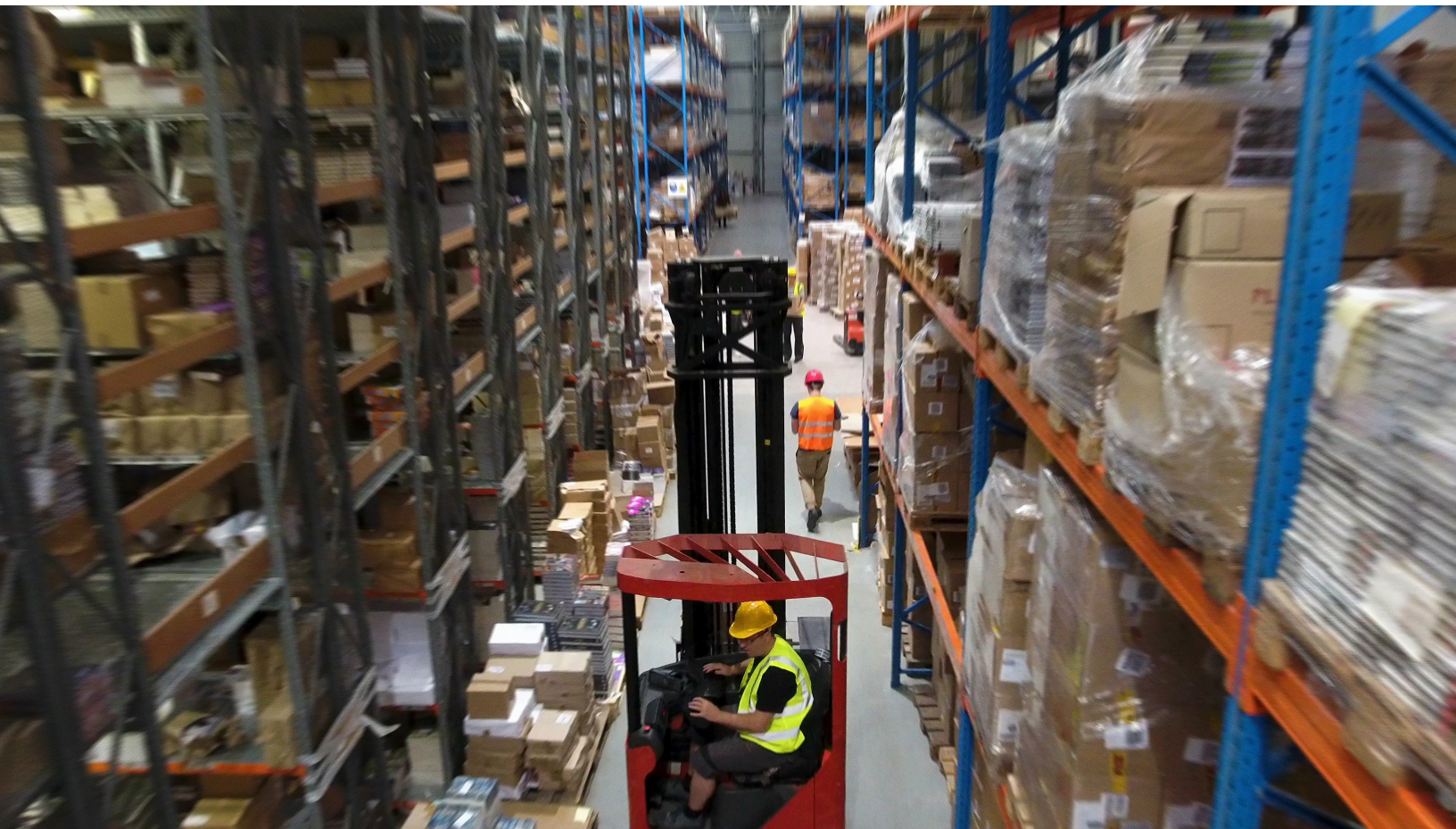


## WAREHOUSE & DISTRIBUTION CENTER BEST PRACTICES:

# Identify the Right Managed Services Provider to Run a More Efficient Operation



What competencies should you look for in determining the right managed services provide for your operation? A sound labor strategy, best practices and the right technology are just a few. Read this Canon whitepaper to learn more.

In a business environment plagued by uncertainty and disruption, it pays to have reliable business partners in your corner. Whether the source is a trade war, a global pandemic, economic turbulence or a sudden shift in buying behavior, your company has to be able to respond quickly and without negatively impacting your warehouse or distribution center (DC) operations.

This sounds straightforward enough in theory, but actually putting it into motion requires a targeted plan of action and the help of outside business partners. “A lot of accounts are being won or lost on the warehouse floor right now,” says Jeremy Wisdom, logistics, operations, and supply chain analyst at Canon Business Process Services (Canon). “All it takes is one service failure, missing product, damaged shipment, or missed service level agreement (SLA) to lose a customer.”

Knowing this, more shippers are turning to outside business partners to help them optimize their warehouse and fulfillment operations, achieve higher efficiency levels, and ensure optimal levels of customer satisfaction. In this white paper, we explore the current warehouse environment and show how a reputable managed services provider can help you significantly enhance efficiencies while allowing your company to focus on what it does best.

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## **OPERATING IN DISRUPTION**

Long before terms like “social distancing” and “COVID-19” became part of our everyday dialogue, warehouses and DCs worldwide were dealing with a “new normal” operational environment. From the boom in e-commerce to the tight labor market to the need for omni-channel operations, the pressure was already on and logistics managers were feeling it. When COVID-19 emerged, those challenges intensified as demand for certain essential goods skyrocketed.

In response, warehouses began hiring more people (a challenge in a world where six-foot social distancing rules had to be rolled out), addressing customers’ immediate needs, and paying attention to safety stock levels. With an eye on maximizing output while also adhering to new regulations, more supply chain and business leaders found themselves in need of an experienced managed services partner to identify efficiency gaps and improve overall operations.

“With their essential warehouses at maximum output, companies need better operational efficiency and streamlined solutions,” says Wisdom. “At the same time, a lot of facilities have been ramping up their e-commerce style networks in order to meet the needs of their customers.”

The latter is particularly relevant in an environment where more consumers are buying online and picking up at the curb—a movement that was already in full swing prior to the pandemic, but that’s since ramped up significantly. By combining people, processes, and technology, the right managed services provider can help companies across the spectrum deal with their individual challenges.

### **MANAGED SERVICES PROVIDERS OFFER A NEW APPROACH**

In the logistics setting, the differences between managed services providers, temporary employment agencies, and third-party logistics providers (3PLs) are significant. Where some managed services providers like Canon now offer a new approach—delivering a comprehensive solution that spans people, processes and technology—the other two specialize only in specific aspects of the end-to-end logistics process.

Canon, for example, provides a widespread, integrated solution that incorporates distribution and inventory management, warehousing workforce management, and business support services. It provides the assets, human capital, technology, and processes that give companies a winning advantage in the fast-paced fulfillment environment.

Canon's 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.

To help distribute available human resources, Canon can tap into its pool of trained, pre-screened employees and move those workers to the companies that need them. This helps add stability to workforces in a decidedly “unstable” business environment. With experience working in the medical environment—where cleanliness and safety are paramount concerns—Canon is applying that knowledge at its customers' warehouses and DCs.

“We're different from our competitors in that we not only bring the processes and expertise, but we really adapt to the shipper's operation, versus the other way around,” says James Flora, solutions analyst at Canon. “We learn their metrics, know their products, and understand what really matters to them. Then, we use our expertise to help them achieve their goals.”



## **AN EXTENSION OF YOUR OPERATIONS**

Acting as an extension of a shipper's operations, managed services providers have the resources and expertise to identify improvement areas. They understand the SLAs, key performance indicators (KPIs), and internal data needed to make continuous improvements and enhance efficiency. "We're also embedded with our customers' software, making sure all transactions are captured and that they're getting the most out of their technology infrastructures," says Wisdom. "We're continually seeking out ways to improve the operation using their existing software and equipment."

A managed services provider can bring to the table industry best practices that have been tried and proven among many different verticals within the warehouse environment. It then helps shippers apply these best practices while also meeting safety standards, improving efficiencies, and stabilizing their workforces.

"We provide training to employees *before* they even step onto a warehouse floor," says Canon director Joe Tague. "That's the advantage of a managed services provider versus a temporary agency, which basically provides a 'warm body' that's typically not warehouse-trained—nor will that person have a vested interest in the industry."

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## **CHOOSING THE RIGHT PARTNER**

Companies that are ready to align with a management services provider should start by conducting an objective assessment of their operations to identify the gaps and areas in need of improvement. Operational areas where visibility is low and KPIs are difficult to track, for instance, are probably prime candidates for improvement supported by a reputable managed services provider. When selecting your partner, look for these key attributes:

***A trained labor pool.*** "You don't want a partner that certifies forklift drivers and then lets them loose on your warehouse floor," Wisdom cautions, noting that Canon provides intensive training sessions for these and other warehouse employees. It starts with a general warehousing overview, and then more industry-specific training, safety training (i.e., on personal protective equipment usage), and other core modules.

***Willingness to take on an active management role.*** Where temp agencies send workers to the warehouse to cover open positions on a "temporary basis," the best managed services providers step into an active management role and cover the complete hiring and training process. "Look for a partner that will be contractually responsible for the flexing up and down of your workforce," says Wisdom, "so that all you have to worry about is getting your products made, fulfilled, and shipped on time."

**Data and KPIs that feed incremental and overall improvements.** Look for a partner that understands the technology and equipment that's suited for your operating environment. At minimum, the company should be able to prove that it has a host of skillsets and tools that are applicable in your operation. A retailer whose e-commerce orders fluctuate depending on seasonality, for example, would benefit from having historical data on its desired inventory levels for high-demand items. "You want to be prepared for dips in supply or spikes in production," says Flora, "and your managed services partner should be using historical trend data to help deal with those ebbs and flows."

**A commitment to safety.** The potential partners you're talking to must incorporate safety as part of their initial employee onboarding process. If not, it's time to look for another managed services provider. "Safety should always be the number one priority for any warehouse," says Wisdom. "There has to be day-to-day progress on your safety goals; it can't just be a weekly or monthly safety meeting." Canon's onboarding program, for instance, includes numerous safety courses that incorporate both operational ergonomics and a facility hazard analysis.

**A holistic approach that meets the needs of today's consumer.** Managed services partners should be positioned to handle the daily warehouse tasks throughout your facility—from effective inbound receipt of products, to inventory of the products, to the put away of the products themselves. "These are critical points in a world where large e-tailers are delivering same-day and next-day," says Wisdom. "They've created an environment where the customer really wants to place an order and then know immediately when that product will arrive."

**Proven best practices.** "Look for a partner whose best practices have been proven across numerous different warehouse operations," Tague adds, "so that warehouse workers don't have to use 'trial and error' to figure out what does and doesn't work."

**Ability to shoulder the operational and financial burden of HR.** Historically, warehouses either trained new employees in-house, worked with a temp agency, or hired a 3PL to help. By outsourcing the task to a managed services provider like Canon, the same company can effectively offload the operational and financial burden to a reputable partner.

## **A YEAR OF MAJOR CHANGE**

Flora calls 2020 a year of “major change” that will go down in the history books as one where both people and businesses reimagined themselves in new and unique ways. As business returns to “normal” in the post-COVID environment, even more companies will be focused on improving their core operations while outsourcing non-core activities like fulfillment, HR, and technology to reputable third parties.

“Leaders are going to have to focus on their core competencies,” says Flora. “After all, if there’s something that you can trust a proven supplier to do both better and cheaper than you can do in-house, it’s kind of a no-brainer.”

With most warehouses being asked to meet changing customer demands—but not being given more time, resources, or labor to do it—leaning on a partner like Canon to manage the people, processes, and technology behind the fulfillment just makes sense. “As a managed services provider, we have vast numbers of individuals and resources that we can mobilize to help with these processes,” says Tague, “versus having to do it all yourself.”

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

Canon Business Process Services helps enable business agility and digital transformation. We accomplish these goals by applying our workforce management expertise, Six Sigma methodologies and best-in-class technology. With professionals across the US 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.

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