

Surtel Technologies

- White Paper -

Efficiency Gain by Warehouse Consolidation



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Overview

Our client was storing products in seven warehouse facilities with total floor space in excess of 1000,000 square feet. Operating these seven warehouse facilities resulted in additional operating expense, redundant services and labor inefficiencies. In addition, multiple warehouse facilities complicated our clients cross selling initiatives of shipping multiple business product lines on the same truck.

Opportunity / Issue / Feature

The goal was to provide a solution to the client where they could consolidate their operations while gaining efficiencies in their processes.

Recommendation / Conclusion

Surtel helped client in process design and configuration which included:

- Created transition plan for inventory movement from old warehouse to new warehouse.
- Inventory commitment and allocation.
- Sending sales orders from ERP system automatically to 3rdpart logistic provider for pick, pack and ship.
- Automatically ship confirms sales detail lines from ERP system.
- Replenish products to distribution warehouse
- Create new warehouse and copy all products and related information.
- Generate standard cost for products in new warehouse using product costing module.
- Change forecast from old warehouse to new warehouse.
- Create new multi-plant relationship for DRP to work correctly.
- Created new rates, routing and mode of transportation for new warehouse.

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Summary

By implementing the above solution we were able to recommend the “build-to-suit” and long term lease back (initial term of 10 years plus options) of a single consolidated warehouse facility. This new facility was designed specifically to meet the storage and shipping needs of our client for several years to come. Benefits of a consolidated warehouse facility included reduced warehouse staff (management, office & floor personnel), reduced freight charges, lower overall utility charges and the elimination of redundant warehouse related services. Other benefits included security improvements that will meet the requirements to become certified under the Customs Trade Partnership against Terrorism (C-TPAT), additional safety devices such as dock locks and improved storage of flammable products and oxidizers. Goal was to have this facility “Leadership in Energy and Environmental Design” (LEED) certified.

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