

# 8 BENEFITS OF A WAREHOUSE MANAGEMENT SYSTEM

A warehouse management system has the potential to save your company money and help improve warehouse efficiency. Learn how a WMS can benefit your company.

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With the rise in e-commerce and the consumers' demand for front-door deliveries, getting inventory to the right locations and creating efficiencies around how that inventory is stored and moved is critical. The right warehouse management system has the potential to help.

A warehouse management system (WMS) can help businesses ranging from small organizations to large global enterprises. Here are eight benefits it offers:

## 1. Makes social distancing possible

A warehouse management system can make social distancing – one of the most important concerns in warehouses today – simpler.

Warehouse management systems can enable employees to appropriately distance while they work so they stay safe and halt the

spread of COVID-19, said Ashish Chaturvedi, principal analyst at ISG, a global technology research and advisory firm in Stamford, Conn.

Warehouse management software can account for worker distance requirements when assigning various tasks. The software can also design inventory placements and routes so warehouse employees have little to no physical interaction.

## 2. Offers real-time inventory data

A warehouse management system's data gives workers the inventory information they need when they need it.

Because many warehouses double as e-commerce distribution centers, the business model of "pallets in, pallets out" – or cross-docking – is being replaced with

a focus on individual e-commerce delivery, Chaturvedi said.

A WMS can read serial codes and track each item from the time it enters the warehouse through its movement on the floor.

This speeds up the outbound delivery process, Chaturvedi said.

A warehouse management system's inventory data can also help a company improve its reputation.

A WMS' scanning improves pick accuracy, which in turn can help lead to customer satisfaction, said Dave Treadway, an associate partner at Clarkston Consulting in Durham, N.C., and takes tasks off the to-do list.

A warehouse management system can also reduce a business's workload.



Like many organizations, Magid Glove & Safety uses a warehouse management system to maintain an accurate inventory of its products, said Dave Forberg, vice president of operations at Magid, a manufacturer and distributor of personal protective equipment in Romeoville, Ill.

Magid uses a homegrown WMS and Vormittag Associates Inc.'s S2K warehouse management software.

The WMS' real-time cycle counting enables the company to skip a physical inventory each year, Forberg said. It has the information the business needs about how much product is in each location.

### **3. Reduces operating costs**

A warehouse management system can also help a business reduce its bottom line.

A warehouse's operating expenses are offset if staff can use a WMS to calculate the best locations for products, materials and equipment, Treadway said.

A warehouse management system's insight into inventory can also help reduce costs.

Better inventory visibility can lead to reducing a business's

just-in-time inventory, Chaturvedi said. A company saves money because it doesn't need to store the items. A WMS can also cut down on waste by implementing a first-in, first-out rule so the oldest perishables go out first.

### **4. Improves demand forecasts**

A warehouse management system can give a company more insight into future demand.

Because a WMS provides better inventory visibility, a company's demand forecasts can become more accurate, Chaturvedi said. In addition, a WMS can draw on current inbound and outbound movement of materials and historic trends for a forecast. When a warehouse has an accurate demand forecast, warehouse operators can maintain optimal levels of inventory.

### **5. Creates efficiencies for specific goals**

A warehouse management system can prioritize what's most important for a given project, for example, putting the best people in the most effective location, creating the most efficient warehouse routes or target for a particular time deadline.

A WMS uses labor forecasting to assign the right workers to the

right equipment at the right times so they can efficiently perform necessary tasks, Treadway said.

A warehouse management's simulators can also help.

A modern WMS includes floor simulators, which managers can use to plan the warehouse layout more efficiently, Chaturvedi said.

A warehouse management system can prioritize the most important goals, whatever those are.

An example of this is a hard deadline to get inventory out for a FedEx that is coming at a certain time, said George Lawrie, an analyst at Forrester Research. Instead of optimizing for amount of labor or warehouse routing, the warehouse management system can optimize to a specific time.

### **6. Improves traceability**

A company can implement a warehouse management system's tracing capabilities during a crisis.

Businesses can use warehouse management systems to trace their inventories using lot numbers and serial numbers, Treadway said. Companies need that data if recalls occur.

That information can be particularly



crucial for certain industries.

For example, that data is imperative from a food safety perspective, said Rick Martinez, vice president of operations at Plymouth Inc., a wholesale food distributor in Auburn, Wash., that distributes meat, poultry, seafood and refrigerated freight to customers in Washington, Oregon and parts of Idaho. Plymouth uses the Latitude WMS from PathGuide.

“We need the warehouse management system to get us down to the exact order,” he said. “If there are any questions about what area of the warehouse it was pulled from [or] what date that product came in, the WMS becomes the backbone of trying to do any kind of recall exercise.”

### **7. Improves employee morale**

A warehouse management

system can improve the employee experience.

A WMS can automate manual, repetitive tasks within the warehouse, which can improve employee morale, said Alan Salton, director of innovation at Panorama Consulting Group.

Automation has the potential to make employees happier because they can use their time more efficiently, which reduces overtime.

“Employees can go [to] their jobs and know what they’re supposed to do and know how long it’s supposed to take and get it done,” Salton said.

### **8. Enables digital transformation**

Companies can use a warehouse management system to modernize operations in a way that wouldn’t

be possible otherwise. But that doesn’t have to happen all at once.

A company can choose to implement its WMS in phases so the company can get the latest technology and operate as efficiently as possible, Treadway said.

“The second phase of a WMS implementation could involve integrating it with other technologies, such as the ERP system or the MRP [material requirements planning] system, so it can share data, enabling the company to better refine its warehouse operations,” he said.

If an organization’s WMS is cloud-based, the software can update automatically, which can enable real-time visibility and efficiencies.

