



Best Practices in Fulfillment: On Picking and Packing
Feb 1, 2007 12:00 PM , By Kate Vitasek

- | **Combined shipping label/pick documents.** These work well in single-order pick environments; when the order is picked, it is immediately placed into its shipping carton and its packing label is applied at the same time.
- | **Hand-held radio-frequency (RF) terminals and portable label printers.** A pick task is sent to the RF device, and the worker goes about the job of picking the product, making the process virtually paperless.
- | **Pick-to-light technology.** This also allows for paperless picking. A system of lights throughout the picking areas is linked to the order management and inventory system. The worker picks product by following the lighted locations and then confirms each pick in the system. The system is then able to carry out inventory transactions, complete order records, and drive replenishment requirements.
- | **Voice recognition technology.** Voice messages deliver tasks to pickers, who in turn can use common speech to give commands to the system. The system also helps to direct the employee to the pick location. Voice recognition systems are flexible and allow order priorities to be quickly changed.

Many companies have set up dual systems, using pick-to-light for the 20% of the components that make up 80% of the product volume and using voice for the 80% of the parts that make up the final 20% of the product volume. This combination of technologies underscores that no single process is best in class. Best-in-class companies select the method or methods that achieve the best operational efficiency to support their customers' demands and drive the lowest labor costs.

Peanut butter and jelly. Reaping and sowing. Picking and packing. It's tough to discuss the one without segueing to a discussion of the other.

Best practice in packing is to use the order management system (OMS) to select the proper size of box and the right type of packaging. The OMS, which holds product size and weight information and packaging requirements, automatically analyzes each order and adds any special packing instructions to the pick documents. System-selected packaging has the benefit of optimizing freight costs, reducing damage, and reducing operator time in packing.

Technology plays a part in a company's ability to perform transactions as a seamless part of the picking process. It is common practice for transactions to be performed at the end of the pick process as part of order consolidation or confirmation. Best-practice companies have integrated transactions into the process by using RF terminals, wireless speech systems, or similar WMS-enabled transaction automation. This allows transactions to take place in real time and in a single system of record.

Understanding best practices can be a daunting task for many companies. Professional conferences such as the National Conference on Operations & Fulfillment (www.ncof.com) are a good starting place to learn about what other companies are doing. There are also many good industry resources publicly available such as WERC's Best Practices Handbook Series (www.WERC.org).

Taking measure

Improving performance in the pick and pack areas will help to reduce labor and increase efficiency; it will also boost customer service levels. Performance metrics must measure both what the customer sees and what drives improvement in warehouse processes. Best-in-class companies strive to link metrics to customer satisfaction and drive improvements by:

- | measuring daily activity by major task.
- | measuring accuracy and performance at the individual level.

- | displaying performance metrics on the warehouse floor and using those metrics as part of a daily “standup” review of performance.
 - | including employees in continuous improvement programs.
 - | gathering feedback, suggestions, and information from pickers and packers.
 - | reporting customer-facing metrics to their customers.
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Most companies understand the importance of following best practices — but many don't know exactly what those practices are. That's where Kate Vitasek, managing partner of Bellevue, WA-based consultancy Supply Chain Visions, comes in. This month she kicks off a quarterly column for Multichannel Merchant in which she will detail the fulfillment strategies and tactics of best-in-class companies.

Knowing how well your fulfillment operation performs year over year is important, but it shouldn't be an end in itself. It's also critical to continue to improve your performance in order to stay ahead of the competition. Which is why many professionals adopt best practices as a way to drive improvement.

In fact, studies from the American Productivity and Quality Center (APQC) and the Performance Benchmarking Group cite a high return on investment among companies that implement best practices. And leading supply chain professional associations such as the Council of Supply Chain Management Professionals (CSCMP) and the Warehouse Education and Research Council (WERC) agree that benchmarking efforts do pay off.

But what exactly are the fulfillment best practices? In this, the first of a four-part series, we will explore the key elements of the picking and packing process.

Most companies think of the picking processes as locating and pulling product from inventory and packing it into shipment containers to fill orders. Customer orders may be large bulk shipments or single-unit, single-line orders sent to an end user; therefore best practices may vary widely from company to company. Nonetheless, best-in-class merchants use some common practices to satisfy customers, regardless of their type of business, their market, and their audience.

First of all, best-in-class companies take the time to understand the way their customers order product. You should fully understand order profiles based on the mix of products, the size of orders, and the number of lines per order. Then you can use this information to establish efficient picking strategies and methods.

It is also essential to review order and pick frequency — how many times a product SKU is picked, as well as how much of the product is picked. Most companies will find that their orders follow the 80/20 rule, in which 80% of the orders are made up of 20% of the product SKUs. By identifying the top 20% of products you can define the correct picking strategy to optimize the majority of your picking volume. Among your options:

- | **Single-order picking.** The most common pick method, this entails picking to a single order. The entire order is picked and typically placed directly into the shipping container, eliminating downstream handling. In general, orders are prioritized by customer-requested ship date.
- | **Multiorder batch picking.** Batch picking works best when you have a large number of SKUs that may be ordered and the products are located across a large area. Batching a number of orders together enables a picker to pull the products for a number of orders as he passes by each item's stocking location.
- | **Order consolidation.** This method groups orders by destination or by customer. It has the benefit of pulling product for multiple orders in a single pass through the pick area.
- | **Wave picking.** A wave is an automated grouping of orders by a specific set of criteria. Orders may be grouped by priority level, by freight carrier, by shipment type, or by destination. These bundled orders are then released to the pick area as a group.
- | **Zone picking.** These orders may be grouped by warehouse zone, such as single-unit pick area, case pick area, or bulk or pallet pick areas. With zone picking an order may be split and subsequently consolidated in the shipping area.

Best-in-class companies have in place a process to review their picking activity at least annually to ensure that they are

using the methods that most effectively match their order profiles. Many accomplish this through modeling software or a review of information available in their warehouse management system (WMS). Either way, they use this information to continuously improve their picking strategy and to meet customer needs.

Picking product tends to be the most labor-intensive operation in the warehouse, so it is important to manage the flow of orders in the pick area so that you minimize congestion and bottlenecks. Here, too, best-in-class companies have a few things in common:

- 1 | **They think about product placement**, by placing more-frequently picked product in the easiest-to-reach locations, to facilitate safe handling and reduce employee fatigue and injury.
- 1 | **They lay out their pick areas to eliminate excess travel.** They also continually monitor and optimize picker efficiency and travel times.
- 1 | **They strike a balance between manual and automated systems.** Though using conveyors and other automated material handling equipment may be efficient, if your volume is not high it may not be cost-effective.

While paper pick tickets are the most common form of pick documentation and may work well for many fulfillment operations, they are prone to human error and are usually less efficient if you are dealing with high volumes. As such, many companies striving for improved efficiency and accuracy are turning to technology and labeling methods. Some common methods:

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