

CONTRACT WAREHOUSE OPERATION

CLIENT:

A medical supply manufacturer and its contract warehouse operator were negotiating a new long term agreement.

DESCRIPTION OF OPERATION:

The company had six operating divisions with several plants supplying material to a contract warehouse. The company's distribution department consisted of a director and his secretary. The data needed to obtain the best contract price was not available.

OBJECTIVES:

Gross & Associates was retained to determine the storage and throughput requirement for the next five years. Working with the contractor, Gross & Associates was to develop the handling and storage methods which would compare both capital and operating expenditure and validate the result with simulation.

RECOMMENDATIONS:

Gross & Associates recommended the following:

1. Build a new 600,000 square foot distribution center with a capacity for 59,000 pallets.
2. Use a very narrow aisle (68 inch) storage and retrieval.
3. Limit storage height to 25 feet to take advantage of Early Suppression/Fast Response (ESFR) fire protection devices.
4. Provide wide (10 foot) aisle for picking of fast moving product.
5. Pick from two levels with pallet jack equipped with steps.
6. Include a tugger system to transport product between areas of the warehouse.
7. Provide 72" between rack space for tugger traffic to by-pass picking, storage and retrieval operations.
8. Use long beams to accommodate the multiple pallet size received from the manufacturing sites.
9. Provide a forward picking area.

RESULTS:

The recommendations have been implemented. Careful planning of the transition has resulted in a seamless move. The design resulted in a 20% smaller building with substantial construction savings. The ESFR system saved \$1.5 million.

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