

## CONTRACT WAREHOUSE 2

### CLIENT:

A contract warehouse operator needed to store more product in his facility and better control the operation.

### DESCRIPTION OF OPERATION:

The contract warehouse operator receives and stores products for clients. It processes and ships orders to its clients/customer. Client customer product lines range from pallet in/pallet out bulk product to broken case merchandise. The contract warehouse operation is run in an old two story industrial building that has many structural obstacles.

### OBJECTIVES:

Gross & Associates was retained to analyze alternatives and recommend an operating and layout system for the operation. The goals were to: maximize storage capacity, improve control, improve productivity, minimize distribution center operating costs and improve service to both the company's contract warehouse clients and their customers.

### RECOMMENDATIONS:

Gross & Associates recommended the following:

1. Lay out the first floor operation with three, four, five, and six deep floor stack modules continuing to use the existing counterbalanced fork trucks.
2. Relocate racks to the second floor and narrow the storage aisle width from the existing 12 feet to 9 feet.
3. Cut a hole in the second floor. Purchase a high lift capacity fork lift to raise pallet loads to the second floor and to bring them down to the first floor. This will minimize the use of the ramp and the freight elevator.
4. Use half height pallets and shelf racks for smaller cube items.
5. Separate full case picking from broken case picking.
6. Pick onto pallets using powered pallet jacks and an order picker truck instead of fork lift trucks.
7. Relocate the packing/display assembly area and install a conveyor system to minimize handling and improve productivity.
8. Develop a computerized system to direct product putaway and replenishment and to generate sequenced pick documents.

### RESULTS:

With our help, the client implemented the recommended operating system and layout. We wrote performance specifications for the equipment required and helped with vendor bid evaluations. We helped the client with other planning support during the implementation. We also programmed and implemented a computer system which: assigns putaway locations to new receipts, directs replenishment of pick locations, processes orders, and generates sequenced pick documents. The company has increased the storage capacity of the facility by 35% and has significantly improved productivity.

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