

Warehouse Warfare

A Battlefield Commentary

When branches of the armed forces examine their preparedness for battle, they model (simulate) their existing weapon systems, equipment, supplies, and deployment of soldiers. Strategic initiatives are then tested against the models of potential adversaries. Questions regarding response time, cost, accuracy, and range are answered. These military concerns mirror those of “warehouse commanders”. The distribution costs involved in bringing a product to market pales in comparison to the cost of war, which includes loss of human life. Nonetheless, the analogy remains true. In order to avoid being driven from the battlefield by our competitors, we must become lean, mean distribution machines.

Whether evaluating military strength or distribution center efficiency, computer simulations demonstrate graphically, the attributes of your operation and its current state of readiness for a variety of missions. Such simulations predicted a low-loss victory in the Gulf War. The model was incredibly accurate; much more than any previous attempt at forecasting the results of a military engagement. This improved ability to project the outcome of extremely complex logistics operations is due in large part to the new generation of computers and modeling/simulation software now available.

With regard to the aforementioned military application, spying is likely an integral part

of the data collection process in building a model of the adversary. Since it is assumed that industrial espionage will not be part of your corporate plan, your only alternative is to build a model which optimizes and balances each of your tactical objectives (i.e.: reduced operating costs & increased customer service levels) without regard for the competition. To coin a military recruitment slogan, “be all that you can be”; develop a state of the art, if not, world class operation within your specific market segment and insure your survival.

If your warehousing/distribution operations are like most, it consists of a hodge-podge of old, outdated material handling weaponry held together with duct tape and bubble gum. The information systems supporting your deployment have failed to provide the real-time intelligence required to effectively complete your mission, and communications between officers and infantry has deteriorated. Often this is the result of years of fire-fighting and the application of Band-Aids to the wounded soldiers. Under enemy fire, a new lift truck was procured and a small parcel manifesting system was installed. Such field dressings may prevent your troops from bleeding to death in the short term, however, they cannot replace a comprehensive strategic plan supported by a lethally efficient, fully integrated combination of material handling infrastructure, information systems, and

well-trained soldiers. Eventually you must call in the medevac to remove the casualties from the battlefield and replace them with fresh, combat ready reinforcements armed with new and improved weaponry. If you wait too long, not only will you lose the battle, but you will concede the war by default.

The major retail organizations literally the driving force behind many of the battles and skirmishes within the distribution theater. As these super-power retailers continue to expand and conquer in their quest to build an empire, they cause developing countries (vendors) to become increasingly more dependent upon them for economic aid (orders). Once a vendor's economic destiny is controlled by one or more of the mega-retailers, diplomacy ceases, and the subservient vendor must subscribe to the "Distributionist Manifesto" in order to be eligible for continued economic aid. This unwritten document mandates that a variety of "value-added-services" be provided as part of the distribution process. Special labeling, bar-coding, packaging, and other services become a prerequisite.

Your world has changed and a new language is spoken... Electronic data interchange (EDI) must be employed in an effort to insure efficient consumer response (ECR). A warehouse management system (WMS) is needed to feed real-time data to a distribution resource planning (DRP) module within the enterprise system... The DRP system must communicate with the manufacturing resource planning (MRP) systems. Fines are imposed by the superpowers for shipping delays or order inaccuracies.

The bottom line is that warehouse warfare is an ugly game and only the strong survive. Your best defense is still a strong offense that will allow you to enter the battle with confidence and win market share by being better, faster, and less expensive. Computer simulation modeling is an excellent weapon to help you achieve tactical superiority and therefore position your firm to establish strategic alliances with your customers.