Warehouse Management System

A critical component of success as a distributor and value added assembly facility is inventory and warehouse management. Accurate and streamlined inventory management is a crucial ingredient in maintaining customer satisfaction and cost controls. Victrix was tasked with generating operational efficiencies while implementing a warehouse management system for one of the world's largest privately held electronics components manufacturer and distributor.

Key Findings:

- Inventory accuracy below 50%
- Existing IT platform did not fulfill business needs
- Slow order processing times due to ineffective inventory management process, resulting in uncompetitive market performance
- Reactive purchasing behavior due to lack of inventory platform optimization, leading to category overspend

Victrix Recommendations:

- Implement SAP Warehouse Management
- Conduct extensive training across all warehouse operations to increase inventory accuracy
- Create Vendor Management Program

Results:

- Improved management of material flow, using advanced put away and picking strategies
- Reduced costs, increased productivity, elimination of non-value activities, and higher customer satisfaction and market share gain via the reduction of variation, complexity and cycle time
- Inventory accuracy increased from 48% to 98% within six months of IT implementation
- Reduced client order rejections from an annual $1.3 million to under $500,000

Benefit	Reason
Inventory reduction of up to 10% (one-time savings)	Inventory visibility and accuracy
Reduced inventory carrying costs up to 35% (industry average)	Lower inventory levels; higher space utilization
Reduced investment based on cost of money @ 8%	Reduced inventory
Premium shipping costs	Reduced shipping errors
Personnel handling paper – efficiency gains, resource redeployment, or potential headcount reduction	WMS automates the management of order and priorities, eliminating paper
Personnel handling order picking - efficiency gains, resource redeployment, or potential headcount reduction	RF based picking productivity increases efficiencies
Personnel handling shipping - efficiency gains or resource redeployment or potential headcount reduction	Eliminate preparation work for shipping documents and ERP ship confirmations.
Eliminate physical inventory	Cycle counting will replace physical inventory requirement.