

## LEAN WAREHOUSING, OR HOW WAREHOUSES ARE COMING UP TO SCRATCH BY MOTIVATING THEIR PERSONNEL

**Ambitious performance optimisation and cost-cutting programmes are regularly implemented at companies in the retail sector.**

**The supply chain and logistics operations are no exception to this rule. Trials carried out in this field over the last few years show that Lean provides a suitable response to the challenges facing this sector.**

### NUMEROUS CONSTRAINTS AND A LACK OF VISIBILITY HAVE BEEN RECOGNIZED

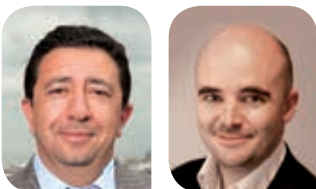
The retail sector is home to intense logistics activity that relies on a large network of warehouses and goods handling structures. For example, behind a retail chain's 130 stores and their 6,000 employees is a logistics platform that is run by two teams with 400 various personnel (fork-lift truck operators, goods handlers, etc.). An increase in the range of products on offer, added to the relative decline in the cost of certain products and an increase in the cost of transport, has raised the stakes linked with the performance of this logistics activity.

When an optimisation programme is launched on a logistics platform, it becomes apparent that its organisational structure is in perpetual motion. Over the years, it needs to respond to new problem sets: the implementation of a new process flow, the integration of a new store format, a change in the number of line items, the launch of e-commerce activities, etc.

These alterations constrict the use of space (docks, storage, handling, etc.) and therefore prompt organisations to seek out solutions that have to be questioned whenever there is further development. As well as the change to infra-structures, there are also sporadic developments in methods and processes in which cohesion and efficiency are declining.

What we also find is that the coordination of operational performance is too often limited to analysing a single indicator, which does not allow organisations to acknowledge variability in

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the difficulty of assignments within a given activity. Receiving and checking 60 palettes from a single truck that contains just one product won't take the same amount of time as processing 60 palettes from three different trucks that are carrying 40 different products. The receiving clerk's performance will be calculated based on the "number" of palettes and in both cases he will have achieved a production of 60 palettes - even though the effort and time taken to complete these two tasks will be significantly different.

One of the consequences of this lack of visibility is that supervisors don't end up with many management tools. It limits their action to an individual annual appraisal and a "redirection" type of communication. What's more, this very rarely takes place within a positive framework that aims at motivating the teams and giving them confidence.

Performance bonus charts won't have been regularly updated and all too often lose the incentivising effect that they are supposed to create.

Numerous functions of the IT tools are not activated due to a lack of knowledge or out of fear of imposing a change.

All of these widely observed elements are exacerbated by the speed and frequency of changes that are made by retail management teams.

## A LEAN WAREHOUSING PROJECT TO PILOT AND IMPROVE PERFORMANCE

The introduction of a Lean warehousing project allows organisations to factor in these various problem sets and optimise performance. It draws on the implementation of robust working standards that have long existed in industry, in other words multi-variable standards.

Often, activity planning and performance analysis are based on a single standard measurement, for example the number of packages handled per hour worked. By becoming multi-variable, this measurement can factor in other work units (palette, tank, movement, travel, etc.). The standards established are therefore fairer and constitute a lever for addressing three areas:

- / **Optimising processes and methods** enables performance to be raised without increasing the speed of execution, but simply by drawing on the potential highlighted by working standards. For example, reviewing the setup, optimising the storage of palettes, improving the management of missing items, etc.
- / **Active resource planning** allows organisations to more realistically and more accurately determine staffing levels
- / **on a day-to-day basis by taking into account changes in the product mix.**

Performance measurement and analysis becomes more objective and factors in the

relative difficulty of a task (distance covered, height, complexity). This allows workers to be motivated and encourages them to improve their performances.

As far as this latter point is concerned, Lean practices allow organisations to go further by introducing a positive coaching programme. Each employee is given regular personalised monitoring that has no negative connotation and strengthens interactions between supervisors and their employees. Supervisors are made accountable for the execution of these sessions and alerts are issued to the management for checking the coaching activity.

The prerequisite described beforehand is that the company must offer an environment in which employees have the means to achieve their operational objectives.

This mechanism allows organisations to move away from a purely industrial rationale by giving a new dimension to performance monitoring. It becomes a source of acknowledgement and rewards for increased productivity, quality and reliability, drives the poorest performers to improve and encourages the best performers to continue their efforts.

This is the unique feature of this Lean warehousing approach, which also has the advantage of putting team leaders back in the field.

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