

Pick More Orders in Less Time With Slotting

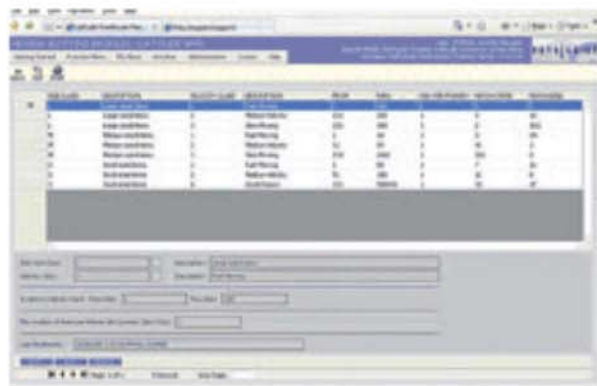
Eric Allais
PathGuide Technologies
www.pathguide.com

In a typical distribution center, employees spend a large amount of time each day traveling back and forth across the floor unloading, stocking and picking inventory. Reducing this travel time can result in increased pick productivity, faster shipping times and substantial labor cost savings for the company. Picking alone can account for more than 50% of labor costs, so making this process 10% to 30% more efficient can have a significant payback.

Slotting, one of the most sought after capabilities by warehouse managers today, according to research firm **AberdeenGroup**, is a primary strategy for reducing travel time on the floor. Slotting is functionality within a warehouse management system that analyzes how inventory is moving and strategically reassigns the placement of inventory for greater efficiencies. With slotting, warehouse managers can view inventory movement and sales history to see exactly “what’s hot and what’s not” in the warehouse. Slotting can also quickly identify dead stock.

Slotting was developed out of a need by warehouse managers to know more about their inventory and get a real pulse on the movement of products for better forecasting, planning and improved customer service. Slotting helps identify exactly what’s happening in the warehouse and recommends placement of inventory so that the distance warehouse workers travel to pick orders is minimized. The bottom-line goal? Paying warehouse crews to pick more orders in less time.

In the past, due to cost and complexity, slotting was traditionally only utilized by large-scale distributors. Although today, slotting can have a significant impact on the productivity and competitiveness of a small to mid-sized fastener distributor. New offerings are specifically designed for the unique needs and budgets of a smaller operation.



The *Latitude 8.0 Warehouse Management System Slotting Module* from PathGuide Technologies is designed for small and mid-sized distributors.

How Slotting Works

The first step when slotting a fastener distribution center is to take a look at the physical space and determine what area should hold the hottest inventory—those items that are the fast movers. This area should be identified and labeled as the “hot zone”.

The next step is to determine which items and how many of them can be held in the new hot zone based on the size of the zone and size of item. For example, a distributor may determine that the hot zone is capable of holding the top 100 fastest moving items. By using slotting software, warehouse managers can identify which items fall into the hot zone based on the size and velocity of each product. The slotting program provides recommendations based on a number of flexible criteria and historical sales data selected by the user.

The same steps are then repeated to create zones outside of the hot zone including the items each zone should contain. After the appropriate locations and bins for inventory are identified, the warehouse manager can build a slotting job, which helps in reassigning inventory to a new location by generating an internal warehouse order for the inventory to be moved into new bins.

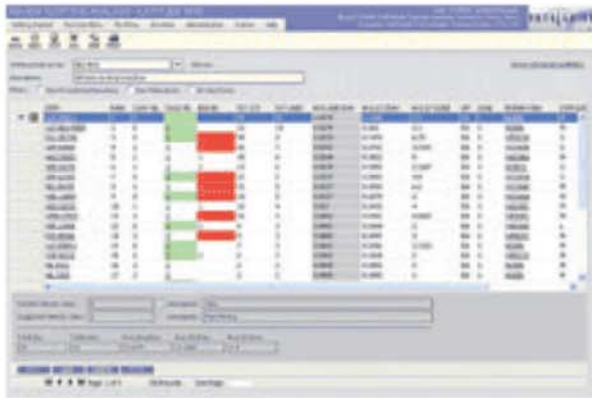
In addition to determining the optimal warehouse location for each fastener product, slotting is also an effective tool for finding dead stock, which takes up valuable inventory space. With slotting software, dead stock analysis may be limited to new fastener products that were added to the warehouse after a specified date. By finding these products early, distributors can take advantage of vendor return policies before the return date expires.

Slotting Frequency

In order for slotting to be effective, it should be done on a regular basis as demand fluctuates and as new fastener products are introduced. Again, accord-

ing to AberdeenGroup, the "best-in-class" companies are 82% more likely to perform slotting on at least a quarterly basis.

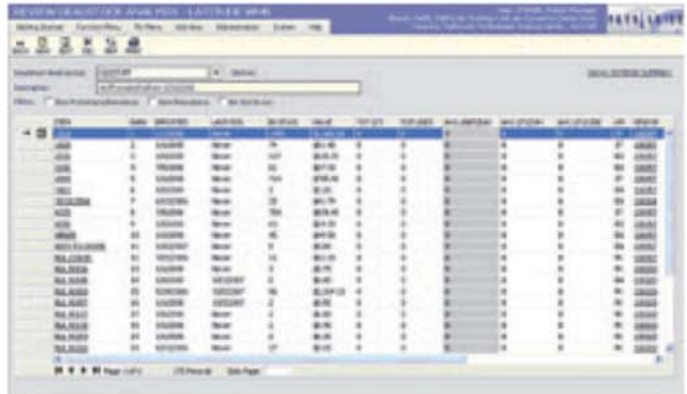
While the slotting software itself is quite complex, the actual process of slotting is relatively simple. The resulting increase in productivity, more rapid ship times and better customer service can have a tremendous impact on a fastener distributor company's bottom line.



The Slotting Wizard Results screen shows a result list of ranked items with color-coded indicators where items' ranks have changed or where an item is in a wrong location.

About the Author & PathGuide Technologies...

Eric Allais is the CEO of PathGuide Technologies, a leading provider of warehouse management systems for small and mid-sized distributors. PathGuide's *Latitude 8.0 Warehouse Management System* now includes a new Slotting Software Module. With Latitude, fastener distributors can pick, pack and ship orders faster and more accurately, resulting in greater productivity and profitability. www.pathguide.com



The Dead Stock Analysis screen identifies fastener products that are taking up valuable space in a distributor's inventory.



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www.wingtone.com.tw

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WINGTONE INDUSTRIAL CO., LTD.

Phone: +886-6-596-1234 (Ex.232), 596-1025 (Direct)

E-mail: robert@mail.wingtone.com.tw

E-mail: rogertsai@mail.wingtone.com.tw

U.S. Contact: Viking Products, Inc.

Phone: (616)791-2277