Eyeing and Embracing Key Visual Indicators Across the Distribution Center (Part 2)

By walking through and eyeballing their distribution centers, managers can identify and implement low-cost performance improvements that span the supply chain — from cost, quality and safety enhancements through cycle time acceleration.

Executive Summary

We believe that distribution center (DC) leaders can use key visual indicators (KVIs) to identify areas of opportunity to drive operational performance improvements. We also advocate that with minimal investment, DC leaders can quickly implement these improvement opportunities to enhance DC operations across key performance indicators (KPIs) such as productivity, quality, cost, safety and inbound/outbound cycle time.

Our initial white paper, “Eyeing, Embracing Key Visual Indicators Across the Distribution Center,” identified five visual signals and recommended strategic actions/priorities for driving improved performance within specific distribution centers. In this paper, we offer recommendations on how to quickly identify visual indicators for diagnosing low-cost/high-return opportunities to reduce DC expenses, as well as improve quality, productivity, safety and cycle time. What follows are five additional KVIs that we believe will accelerate DC performance improvement initiatives. We also discuss potential root causes and recommendations for overcoming operational performance shortcomings. Through recognizing and addressing these opportunities immediately and consistently, organizations can drive significant improvement across all business-critical KPIs.

DC managers have long sought quick and easy ways to instill a culture of continuous operational improvement. The following five recommendations should be considered by DC managers seeking ways to quickly identify and implement — with minimal outlays — areas for operational improvements that use KVIs to advance the business agenda.

Modeling and Installing Awareness, Attitude and Accountability

• Excessive touches of product, supplies, hardware, etc. Focus on a specific area of your DC (receiving, picking, packing, etc.), and visit multiple workstations. You need to look for instances where employees are putting down and picking up equipment, inventory, supplies, etc. Take a pack station where an associate picks up an item, retrieves a scanner to verify the item, and then places the scanner down to place the item in a shipping container. One potential solution is to mount the scanner at a workstation and pass the item under it to verify and then place it into the shipping container.
container. For every item packed, you’ve saved multiple seconds in productivity and improved ergonomics at the same time. Multiplied across hundreds of thousands or millions of units, the impact is significant — and the cost of a mounting bracket is minimal. If you spend the requisite amount of time, you will find these opportunities exist in all areas of your distribution center, and often the simplest of fixes is the most effective.

In well-run distribution centers, there are procedures in place for managers to consistently walk-through and identify and correct these opportunities. This is the culture every distribution center should strive to create.

- **Delays at the start of shift time and first unit picked, packed and shipped.** Stand in picking, packing or shipping and measure the amount of time between the scheduled start of the shift time and the time you see the first tote/carton on the conveyor from picking, the first carton leave packing or the first carton arrive in shipping. As a rule of thumb, anything more than seven minutes is an opportunity to make improvements. Potential causes could be excessively long start-of-shift meeting times, availability of scanners/equipment, lack of structured workstation assignments, etc.

  Opportunities for addressing this could include setting targets for the start-of-shift meeting times, relocating meetings closer to work areas, pre-staging and pre-assigning scanners prior to the start of a shift or having employees come in early to stock workstations/supplies and improve shift readiness. This same due diligence and observation logic applies to post-break-time lags also — i.e., breaks/lunches. Shaving minutes off this time lag can result in significant labor savings and throughput improvements, and reduce order cycle times with minimal investment.

- **Reserve racks with poorly stacked pallets, shrink-wrap dangling, empty boxes in locations, etc.** All of these conditions are symptomatic of a lack of focus on safety by unloaders, equipment operators, cycle count associates and anyone else within the process flow from the receiving dock to the reserve rack. Safety is a mindset and a byproduct of a distribution center culture that starts with the GM and cascades to front-line employees. In a culture where safety is a focal point, the poorly stacked pallet would have been recognized and removed before it ever made it off the receiving dock. If it did make it off the dock, in a building where safety is truly part of the cultural DNA, it would have been identified during regularly scheduled safety walkthroughs and corrected expeditiously.

  The question is “how do you create this type of culture in your distribution center?” The answer is by focusing on the three As: awareness, attitude, and accountability.

  - Managers create awareness around safety by integrating it into all department, shift and facility meetings. Bulletin boards should be used to highlight recent incidents, root causes, prevention, etc. The board should also track progress against safety metrics at department, shift and facility levels. By placing safety at the forefront of your employees’ minds, the likelihood of a safety incident is significantly reduced.

  - Managers demonstrate the attitude that they expect from their associates. Pick up debris, do not pass by an unsafe condition without correcting it and truly listen to and act upon employee suggestions and concerns around safety. By modeling the appropriate behavior at the leadership level, a safety-conscious attitude will permeate your distribution center at all levels.

  - Managers must hold themselves and their employees accountable for ignoring or violating established safety procedures. Without accountability, procedures become nothing more than empty words on a piece of paper.

- **Do employees understand their targets and do they know how they are progressing against those targets?** As you walk the distribution center floor, ask random folks in multiple departments if they know what their performance goal/target is, and if so ask them how they are performing against that target. In well-run distribution centers, there is a clear understanding of established goals at individual, department and facility levels. There are also multiple mechanisms in place to communicate progress against established goals as close to real time as possible. Performance communication and feedback are critical components of well-run distribution
centers. In the absence of this, employees are unaware of where/what the target is and how they are progressing against it. It is analogous to throwing darts at a wall, then placing the dart board on the wall afterwards to see how you did. There is no awareness of where to aim, and no knowledge of how you did until it’s too late to react.

By creating mechanisms to communicate targets and provide feedback, managers can foster a culture of awareness and accountability. Strong performers can receive positive feedback, marginal performers can utilize that “next gear” to bring performance up and underperformers can be coached/trained to bring their work up to target. The net result of this is a more motivated and knowledgeable workforce, and a distribution center that has higher productivity, lower cost-per-unit, reduced order cycle time and increased employee morale.

- **Are people moving with a sense of urgency and a pace indicative of time pressure?** Fast pace is one of those qualitative terms that 10 people may define 10 different ways. One indication of this is when you walk into the distribution center; do folks move the way people move in an airport when they are trying to catch a flight? They walk with purpose and are very focused on both the task at hand and their surroundings.

Pace is critical in a distribution center, as every step and every second matter in terms of throughput, productivity and cycle time. There are multiple causes and cures for pace issues. One of the primary causes of poor pace is leadership modeling. If your leaders demonstrate poor pace, it is likely their subordinates will model that behavior. The second cause is lack of clear and aggressive goals and consistent performance feedback. If people do not understand their targets and do not know...
how they are progressing against them it can reduce motivation, and sometimes result in demotivation.

Also, the goals need to be aggressive enough to elicit the appropriate pace from your employees. A target DC pace is analogous to a target heart rate during exercise. Too low and you’re not working hard enough. Too high and you’re going to burn out and fail. The sweet spot is somewhere in the middle that pushes you forward but doesn’t knock you down. Another potential cure for pace issues is to recognize the behavior you want to demonstrate. In other words, “catch people doing something right” in terms of pace and recognize/reward that effort consistently and publicly. Human nature is to want to feel that what you do has meaning, and that your hard work is recognized and appreciated. Do this enough, and the positive vibe and pace implications will become contagious and infect your DC in a very positive way.

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Running Better, Running Different

This paper has identified five additional focus areas for your DC to continue embracing KVIs in conjunction with KPIs to drive world-class performance. These are simple, low-cost and immediate impact areas that will yield tangible benefits in productivity, cost, safety, order cycle time and employee engagement.

If you are considering delaying or waiting until the time is right to take action, just remember your competitors probably are not. We have been in distribution centers where visual recognition is a part of the DNA, and have seen first-hand the positive results that can be achieved by recognizing opportunities and implementing the suggestions contained in this paper. By acting immediately and consistently, organizations can achieve better margins through increased productivity and reduced cost, and reap higher accuracy rates and better customer service levels through improved accountability and awareness, which will help your organization compete in a world where customers continue to demand product faster, cheaper, more accurately and on time, every time.

About the Author

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