

## **Seven Ways to Boost Order Accuracy to Near-Perfect Levels**

### **For Today's Logistics Manager, It's a Jungle out There!**

Customer-mandated programs with a wide variety of names (JIT, Quick Response, Vendor Managed Inventory, etc.) all share common requirements such as compliance labeling and shrinking order-cycle times. Internal demands to reduce inventory levels coupled with an ever-increasing number of stock keeping units (SKUs) makes the job even more difficult. A tight labor market heightens the pressure to use each resource to the fullest. Customers want their orders shipped to them faster than ever before. And constantly changing transportation options make it more difficult to ensure you are achieving the best value possible.

Now comes e-commerce—a "revolution" in the way we buy, sell and deliver goods and services that adds yet another set of distribution and fulfillment challenges. Shipping a large number of small orders—at a profit—requires new paradigms and processes. Any mistake can lead to the loss of a customer because competitors are just a click away.

This ever-changing landscape can cause increased errors, such as improperly received and identified orders, mislabeling, inventory placed in the wrong bin locations, incorrect data entry, and picking and packing the wrong products and product quantities. Collectively, these errors cost both you and your customers valuable time and money. Worse yet, errors greatly reduce customer satisfaction, which can threaten repeat business. And that's a direct hit to your company's bottom line!

To the experienced logistics manager, order fulfillment is the focus of warehousing and the essence of distribution. Many would say that without accurate, cost-effective processes, a distribution center is just another warehouse. The distribution center is where a company's efforts to satisfy the customer reach a fever pitch, and typically encompass the final stage of receiving and fulfilling orders—picking and shipping. It's where the most resources are applied, where the most investment in equipment and systems is made and where most planning efforts are focused. In short, it's where the action is.

Near-perfect levels of order fulfillment require active attention to details. With seven simple changes, your company can avoid numerous costly errors, boost customer loyalty and gain a competitive edge.

#### **1. Work With Your Vendors**

Receiving is where accuracy starts. If items are not properly identified and counted upon receipt, accuracy in all downstream processes (put-away, movement, kitting, picking and shipping) is imperiled. Your vendors can help by providing you with clear and simple product labeling. Ideally, this should include bar code identification. At a minimum, ask your vendors to include a bar coded part number on an identification label. This will help prevent mistaken identity problems in receiving. For maximum results, ask your vendor to label each pallet or container with a unique identifier and transmit an advanced ship notice (ASN) with pallet- or container-level detail. With this approach, a pallet or container can be received with a single bar code scan.

#### **2. Validate Receipts Against Purchase Orders**

With items properly identified, you have the ability to validate received items against the originating purchase order. Comparing shipments against purchase orders at the time of receipt adds another measure of item identification and quantity verification. Most businesses perform this validation manually. However, this is a time-consuming and error-prone process, especially when receiving similar items or items with long, complex identifiers. For best results, use bar code verification and automatic and systematic quantity checks using computer systems integrated with your purchasing software. This will dramatically reduce human error and significantly speed up the validation process.

### **3. Validate Put-Away Bins**

If not recorded accurately, much of the effort of accounting for receipts can go to waste when items are put away into bin locations. Like the receiving process, clear and simple bin location identifiers are a must. A simple bin numbering scheme will help workers quickly locate and record put-away bin locations. Put-away locations recorded on paper must be entered into tracking systems manually. This presents three opportunities for error. First, when a worker records the location to paper. Second, when data entry personnel try to discern the handwriting of the material handler. Third, when the paper never reaches the data entry worker because it has been lost or run through the laundry. Again, technology can provide the greatest degree of accuracy when bin locations are bar coded and workers must scan put-away locations to record and/or validate the put-away bin location. With this approach, all three potential errors are virtually eliminated because put-away locations are recorded accurately with one scan of a bar code, particularly with systems that update an inventory database at the moment of scanning.

### **4. Simplify Picking**

In most cases, the majority of order accuracy errors result from picking errors. Thus, special attention must be given to clarifying and simplifying the picking process. First, if your workers pick using a paper document, make sure that the picking document is clear and provides the information that the picker needs. Do not use shipping paperwork as picking paperwork. It includes extraneous information designed to aid the customer's receiving function, not the picker. The information should be presented in the order it is required: location, stock number, description, unit of measure and quantity required. Always use large, easy-to-read fonts with double-spaced lines and horizontal rulers. The picker should use the clear, top copy of any multi-page form. Second, make sure that the picking document lists line items in pick route order to save the picker time and avoid accidentally skipping line items.

While these measures will help improve picking accuracy, there is still considerable room for human error. To completely eliminate confusion and guarantee that no line items are skipped, some form of automation technology must be applied. With radio frequency (RF)-directed picking, for example, workers do not have a need for paper. A warehouse management system (WMS) simply directs a worker to each bin location (in an efficient path) to pick items on an order by sending the worker instructions via a handheld RF terminal. With a bar code scanner the worker can confirm the bin location and item picked, thereby eliminating the potential for errors.

### **5. Validate Picks**

To achieve high degrees of accuracy in the picking process, many businesses employ "checkers" to validate the quality of order picks by means of inspection and redundant effort. There are two basic approaches to more cost-effective picking accuracy. First, checkers should only be used as a short-term, stopgap measure. Long-term quality

requires that the order picker be held accountable for picking the correct items, in the correct quantity, and delivering them to the correct warehouse location. Through both positive and negative reinforcement, pickers can be given strong incentives to improve accuracy. Again, this approach will generate improvement, but will not likely deliver near-perfect order accuracy. This kind of accuracy requires utilizing the latest WMS and/or automation technology to direct picking processes and reduce the likelihood of shipping the wrong product. Bar code scanners, voice recognition systems and RF data terminals are becoming commonplace tools for achieving near-perfect accuracy in the order picking function.

## **6. Avoid Counting—If You Can**

Where appropriate, measure instead of count. Let's face it; counting can be boring, especially when counting large quantities. Packaging can be designed to hold a reasonable quantity of product relative to the quantity ordered. If the packaging holds 1,000 units, and the typical order quantity is 100 units, then the package is too large. Similarly, if the product is packaged in individual units, and the typical customer order quantity is 100 units, the package count is too small. To solve the counting problem measure instead. Electronic weight scales can be both accurate and enhance productivity, especially for very small items. Weight verification validates quantities.

## **7. Seek Adaptability**

In the strictest sense of order accuracy, customers must receive the items they desire. However, as many warehousing and fulfillment managers know, customers' desires are subject to change at a moment's notice. In order to correctly ship customers the items they requested, your business processes must support change at a moment's notice. Many systems in use today do not support rapid or frequent changes to customer orders because they are unable to provide customers (or customer service representatives) visibility into the fulfillment process, and because changes are not easily communicated to fulfillment operations. Visibility is important because it can provide a view into the cost of making an order change (i.e., change is inexpensive if no action has been taken on a given order). Communication is important—critical, really—to completing the desired change accurately and effectively. Communicating verbally presents many opportunities for error, while communicating systematically provides insurance against errors.

## **Conclusion**

Order fulfillment is a complex warehousing function. It is where receiving, put-away, storage, packing, shipping, order processing and customer requirements converge. There are many choices in terms of procedures, equipment and control systems. The management decisions made will affect market share, growth, stockholders, employees and customers, and so must be made wisely.

To move beyond survival toward success in distribution means winning on the competitive battleground of quality, customer satisfaction and productivity. There are no easy answers. Simple can be simplistic. Complex can be deadly. Success begins with understanding the science of order fulfillment as well as the specifics of each warehousing and distribution operation. Proper planning leads to successful implementation, satisfied customers and winning warehousing.

## **About HighJump Software®**

Founded in 1983, HighJump Software is the premier provider of the industry's most adaptable, Internet-based supply chain execution (SCE) solutions. HighJump's SCE

software manages both the operations and inventory in warehouses and distribution centers across the enterprise, and ultimately facilitates trading partner collaboration. The result is fast ROI and system payback within 6-12 months.

HighJump recognizes that businesses today need reliable functionality that addresses their current needs, but even more importantly, can quickly and cost-effectively adapt as their requirements change. Because of this, HighJump's state-of-the-art warehouse management and data collection solutions can be easily and precisely tuned to fit the operational needs of manufacturers, distributors and third-party logistics companies. Headquartered in Eden Prairie, Minn., HighJump Software has more than 700 customers ranging from midsize to large companies and divisions of the Fortune 1000.

### **About Tompkins Associates**

Tompkins Associates is the leader in Total Operations consulting, integration and implementation. With three decades of experience, Tompkins provides expertise in Material Handling Integration, Supply Chain Synthesis, warehousing, logistics, order fulfillment, manufacturing, systems implementation, construction services, organizational excellence, quality and maintenance.

Tompkins Associates is headquartered in Raleigh, N.C., and has offices throughout the U.S. and in Warwick, UK; Toronto, Canada; Buenos Aires, Argentina and Monterrey, Mexico. Visit [www.tompkinsinc.com](http://www.tompkinsinc.com) for more information.

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