

Warehouse experiment delivers peak performance

3PL merges LMS and fleet management for unprecedented visibility into fleet costs

GENCO, A THIRD-PARTY LOGISTICS (3PL) PROVIDER, manages 38 million square feet of warehouse space across 130 operations for customers including many Fortune 500 companies. After partnering with a labor management system (LMS) provider and a provider of lift trucks and fleet management systems, the company was able to merge the two systems to reduce costs, increase efficiencies, and improve productivity.

The team chose a world-leading business process and document management company as its focus facility for the project. The 410,000 square-foot facility loads and unloads as many as 25 tractor-trailers each day and had been experiencing many challenges with visibility from both a labor management and operational standpoint.

It was unclear where labor dollars were being spent and how employees were measuring up against labor standards. Equipment usage, time traveled, number of impacts, and utilization rates were not being accurately tracked, adding to the lack of accountability for lift truck operators.

The test facility deployed a fleet of lift trucks (The Raymond Corp.) in 2009, including 26 counterbalance, reach, rider, and orderpicker units. The supplier's fleet management system was merged with a cloud-based LMS (Easy Metrics) to provide a comprehensive view of operations.

Among other functions, the fleet management system verifies that only appropriate personnel are authorized to operate each lift truck and that OSHA-mandated checklists are completed prior to operation. This complements the LMS database system, which supplies comprehensive data on individual and group performance. All of this information is combined in one streamlined report.

Labor accounts for 70 percent of warehouse cost, says Bob Simon, director of process solutions at GENCO. "We attacked the biggest elephant in the room and decreased a few percentage points in labor costs," he says. "The total turned out to be a significant dollar savings for us and our customer." Over the course of the trial period, the company reduced labor costs by nearly 10 cents per unit, decreased impacts, resulting in savings on time and equipment repair, and reduced pick labor by 12 percent.

"This whole process was a kind of testing ground for all three companies," Simon says. "I think everybody was confident that it would work. It was just a matter of how well. We are happy with the outcomes, we are happy with the benefits that we've seen and we're excited about taking this to our other facilities."

—Josh Bond, Editor at Large