White Paper

When should you invest in a warehouse management system?

Keeps costs down at critical times

Arguably the most important use for a warehouse management system is to monitor stock coming in and out of the depot. A sophisticated system which can tell right away what is in and what isn't should avoid time-consuming searches or over-ordering of certain products.

It also ensures that low stock levels can be replenished in plenty of time. With reminders set up when certain stock levels reach a set total, those responsible for the ordering can be given a gentle nudge to get the job done (that is if the system isn't set up to do it automatically).

Even those with a good memory and suitable attention to detail can miss out certain items, so removing the chances of error should keep the business running as efficiently as possible. New companies will want to keep their costs down, so this alone should justify any additional cost of implementing the management system for more efficient operations.

Likewise, on the stock replenishment front, businesses will want to ensure they can fulfil every order that comes their way. Turning good money away because the item isn't stocked when it should be has myriad detriments. Not only does it affect the bottom-line, it also drives customers to competitors and propagates a negative reputation which can - unfortunately - spread like wildfire.

Time for a good first impression

It's not only financially that businesses can be helped with the implementation of a warehouse management system, but time as well. Ignoring the old cliché that "time is money", it's easy to see why getting to certain items quickly and effectively makes good business sense.

New customers will be forging opinions that can be held for lifetimes based on their first visit, so it makes no sense keeping them waiting whilst fruitlessly searching high or low for items. Instead, utilising a system that will bring the best-sellers to prominence and push rarer items toward the back will make for a quick and productive system. Similarly, items that are often sold together or part of a package can be identified then put together, in order to save paying employees to schlep across the length of a warehouse any time the two are needed together.

Likewise, a logistics warehouse containing a great many items will see drivers head in and out in record time with an optimised system, instead of waiting around if managers use a much more hotchpotch approach. Such efficiencies on those who are already stretched for time will ensure only good feedback makes its way through the ranks and not anything that could scotch a business before it really gets going.

Help with expansion

For small businesses, the main goal is nearly always expansion. Whilst few firms will ever get to a level where they don't want to grow any further, such expansion is rarely anywhere other than top of the bill for start-ups and SMEs. With a bigger business can come more sustainability, less risk and a greater value for selling or passing on to the next generation when the time comes.

For this, warehouse divisions will need to ensure all the efficiencies listed above are working to their optimum capacity. Speed and accuracy will promote customer retention and a positive reputation, whilst real-time information will eradicate overspend.

Such efficiencies make for a stronger company, in a better societal position and with money in the bank - something of a holy trinity in the business world. With this achieved, the only way for a business is usually up - as more customers or clients start showing just how confident they are by getting out their chequebooks.

All of these benefits combine to illustrate rather clearly why sooner is better when it comes to implementing a warehouse management system. It's not the case that there's a cut-off point or that its wildly different from industry to industry. Instead, any warehouse looking to boost its service, efficiencies and cash flow should consider management right away.