



Writing on the enemy

We write a lot on the enemy! The enemy of efficiency, responsiveness and accuracy.

Generally speaking, as competition increases, the importance of indirect costs, and its impact over the company efficiency also increases. From all indirect costs, paper-based information processing has become more significant. Paper is a media on which information, not only loses its real time characteristic, but where it is painful to retrieve it from as well, both economically and in terms of time and accuracy.

As far as the later are concerned (the time it takes to enter and check information, and to correct sympathy and data entry mistakes), one cannot state that they are simply reduced to their simple economic dimension (the cost of hiring clerical personnel to process the paperwork). Supply chain responsiveness is closely related to its capacity to process information. Also, mistakes have impacts that are beyond the clerical and operational costs of correcting them. Both aspects have direct effects on the sustained service level that a company is capable to provide to its customers, and therefore, on its market share.

Keeping these considerations in mind, and thinking specifically of warehouse operations, we can see that the situation is far from what it should be. Unlike transport planning, warehouse management can be managed completely by a warehouse management system, with no need to double-check the results by humans. Having said this, it is obvious that any warehouse operation should be based on its management information system, in real time. However, apart from a few exceptions, this is not what happens in most Portuguese companies. Just consider how many companies use radio frequency to the total management of their warehouse operation, including intake checking, put away, picking replenishment, picking, packing, dispatch checking, dispatch, inventory control and stock adjustments? We believe it is widely recognised that not even most logistics operators do it!

If the alternative to radio frequency is paper, then it is a fact that we write a lot on the enemy! The enemy of

efficiency, responsiveness and accuracy. This, in our opinion, has to change, for the sake of our competitiveness as individuals, companies and nation.

As a guiding example, it is interesting to look at the banking industry. Presently, the productivity deficit of this industry in Portugal is 6% below the European average, while the productivity deficit of the Portuguese global economy is 40% below the European average. Do any of the readers remember, ten years ago, the number of forms that had to be filled in just to make a simple deposit? Do any of the readers remember what the situation was 19 years ago, before the introduction of ATM machines? Does anyone still remember having to go to the bank and wait on long queues, to make simple operations like paying bills and retrieving money?

What does this have to do with warehousing operations? It is all about removing paper from business processes, increasing direct customer access to the information system, and having real time information at our fingertips.

So, we propose a challenge to each warehouse manager: starting in September, he or she will eliminate one paper per month from the operational and administrative processes of their warehouse, redesigning, if necessary, the business processes.

For those who accept this challenge, we would like them to contact us six months later, and tell us the results.

By Joaquim Pereira