

Warehouse management - are you as efficient as you think you are?

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Is your Warehouse Management System (WMS) efficient? Is it supporting your e-commerce business or only slowing it down? These are critical questions that companies need to ask themselves, but without proper data to support a conclusion, companies can only make assumptions. By analysing warehouse efficiencies, e-commerce businesses can determine which processes are working, and which require improvement.



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Through exhaustive data analysis, Business Process Outsourcing (BPO) providers can assist e-commerce businesses to see whether margins are slipping, where expenses are unnecessarily high, as well as identify and rectify costly warehousing inefficiencies. Bringing on board the right BPO provider facilitates cost and performance efficiency throughout the entire warehousing process - right from supplier ordering, through to product shipping - which essentially means that these exercises in streamlining the business pay for themselves.

Tell-tale signs of inefficiency

Without looking at data, businesses can tell they're efficient based on factors such as customer satisfaction levels and production targets. Red flags for inefficiency include backlogs in productivity, unmotivated or complacent staff and Key Performance Indicators (KPIs) not being met, in addition to other warning signs like increased customer returns.

On the other hand, efficiency is seamless. There are no delays in business processes, and customer complaints are few and far between because there's simply no reason for complaint. Efficiency sounds simple but putting it into practice is no small feat. Once a business process is designed and in place, there is rarely a continuous evaluation of that process and its impact on the system as a whole. That process is used as is without adjustment or enhancement in the long term.

Always room for improvement

Rarely is a company as efficient as they would like to think and there is always room for improvement. When productivity and output lag, it is tempting to increase headcount, but this is counterintuitive. Output might increase, but so too will costs. People and businesses get stuck in their ways, and only once the process breaks or becomes unavoidably problematic is it revisited. It can also be tough for companies to stay on top of technology developments and keep up with the pace of change in the world around them.

Before they find themselves in a make-or-break situation, it is necessary for e-commerce companies to evaluate efficiency as a whole and seek out ways to reach that sweet spot between maximising output, while minimising cost. This is where a BPO provider can make an enormous difference.

BPO with benefits

As experts in their chosen fields, BPO providers bring more than mere labour outsourcing to the table for their e-commerce clients. Exposure to multiple clients and a varied set of demands gives a solid BPO provider extensive experience to draw from. With so much data involved in analysing WMS efficiencies, bringing in a trusted BPO provider will help the business by conducting its needs analysis with as little downtime as possible, delivering an external objective viewpoint on efficiencies that identifies areas for improvement and areas of risk, and presents proven solutions to yield the desired outcomes.

Do what you do best, outsource the rest

Which business functions can be outsourced to improve efficiency? Think about it this way: if it's not a core business function, it can be better handled by a specialist. By entrusting the warehouse management function to a BPO provider, an e-commerce company can benefit from their expertise in choosing and implementing the best technologies, processes, and people to streamline operations to reduce risk and enhance output.

BPO providers operate under stringent, mutually agreed KPIs and their remuneration is dependent on achieving these KPIs. Processes are continuously evaluated and once they're in a position where KPIs are being comfortably met, BPOs will seek out ways to further fine-tune operations to achieve even higher levels of efficiency by continuously monitoring and optimising. For the business, fixed overhead costs become flexible, and it becomes easier to scale up and down as demand dictates as BPO providers anticipate and cater to fluctuations in production timeously.

Always a better way to do it

Such proactive improvement is directly linked to enhanced customer satisfaction, which comes from faster delivery and more accurate orders. Not only are returns and complaints reduced, but customer feedback reflects positive sentiment, which in turn has an impact on the company's competitive edge that brings with it increased profits. For companies still on the fence about business process outsourcing, it's important to remember one thing - if you deprive yourself of BPO and your competitors do not, all you're doing is putting yourself out of business. Can you afford to do that?

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