The Dos & Don'ts of Selecting a WMS

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Agenda

- The Need for a WMS
- Step 1 – Project Team
- Step 2 – ROI
- Step 3 – Business Requirements
- Step 4 – Develop RFP
- Step 5 – Develop Short List
- Step 6 – Demo Script & Vendor Meetings
- Outside Expertise
- Common Pitfalls

The Need for a WMS - Vendor

- Vendor Requirements are adding complexity
  - EDI
  - Lead times

The Need for a WMS - Carrier

- Carrier Requirements & Options are adding complexity
  - Continually Changing Label Requirements
  - Banding
  - Pooling

The Need for a WMS - Customer

- Customer Requirements are adding complexity
  - Price Stickering
  - Labeling
  - Sorting
  - Kitting
  - Hanging
  - JIT

The Need for a WMS – Value Added

- The DC is now being seen as a Profit Center in some cases
  - Price Stickering
  - Sorting
  - Kitting
  - Hanging

The Need for a WMS – Cost

- Find cost savings anywhere you can today
  - Competition is driving this
  - Stock Value is driving this
  - Corporate is driving this

Step 1 – Project Team

- Assemble a Solid Project Team!
- Members include:
  - Warehouse Supervisor(s) from each shift, possibly from each area
  - Warehouse Manager
  - Director/VP of Distribution
  - Manager/Director of IT
  - CFO (if possible)
  - Representative from Mfg

Step 2 – ROI

- ROI is very important in this economic environment
  - You need to develop an ROI to show your company first.
  - Project Team

Step 2 – ROI

Example

General Benefits	Anticipated Results	Est. WMS Annual Cost Benefit
Complete barcode inventory movement capabilities providing real time transactions	Personnel re-assignment of 2 clerks	$50,000
Distribution Reporting Data Collection – Transaction History, Stocking Levels, BOH.	Elimination of resource requirements for the support of the Q&A Legacy application	$25,000

Step 3 – Business Reqs

- Create or purchase a tool to help you:

- Take significant time to create
  - Once again the entire project team is involved.

- Cover every area

Step 3 – Business Reqs
Example

Business Req	Need(1-4)	Comments
RADIO FREQUENCY		
Directed Putaway	2	We see that in the future these areas could
Directed Replenishment	2	be of use, but not currently.
Directed Cycle Count	2	
Directed Pick	3	We could save substantialy in Order Picking with Directed RF
….		
PICKING - SHIPPING		
Automatic Release to Picking	1	We will be managing the work queue for all workers.
"HOT" Shipments	4	Last minute orders from customers, especially Wal-Mart, are normal in our business.
…		

- 1 – No Need For
- 2 – Wish
- 3 – Want
- 4 – Absolute Requirement

Step 3 – Business Reqs

- Technology Platform
  - Continuity vs. Best-of-Breed
  - Front-end vs. Back-end

- ERP vendor
  - Integration vs. Best-of-Breed

Step 4 – Develop RFP

- Get information about the Vendor
- Don't give away confidential info
- How does their software meet each point?
- Be detailed and anticipate responses
- Use strong legal confidentiality language

Step 4 – Develop RFP
Example

Item	R/O	Current Version	Next Major Release	Remarks
RADIO FREQUENCY				
Directed Paperless Putaway	R			
Directed Replenishment	R			
Directed Cycle Count	R			
Directed Pick	R			
…				
PICKING - SHIPPING				
Automatic Release to Picking	O			
Order Priority Changes	R			
…				

- R – Requirement
- O – Optional

Step 4 – Develop RFP

- Who do you send the RFP out to?
  - Preliminary Research should help
  - Technology Platform (Specific) Vendors
  - Your ERP Vendor
- How do you send the RFP out?
  - Electronically can help you significantly
- Response Time
  - Give Vendor ample time to reply

Step 5 – Develop Short List

- Tabulate the responses
  - Use pre-built formula-driven spreadsheet

- % Match

- Consider "soft" points

- 3-5 Vendors make the "Short List"

Step 6 – Demo Script

- From Business Reqs, develop a business flow diagram
  - Have vendor follow this flow in detail.

- Utilize your items #s, locations, warehouses, categories, carriers, etc.

- "Mock-up" screens

Step 6 – Vendor Meetings

- Setup Meeting with each Vendor
  - Get-to-know the vendor better.
  - Vendor gets to know your needs better
  - Give each vendor a demo script for next meeting

- Demo Meeting
  - Require that the vendor follow the scripted demo with your data.

Outside Expertise

- Utilizing Outside Help
  - Advantages
    - Knowledge of vendor capabilities
    - Knowledge of vendor tactics
    - Fresh Perspective
    - Proven methodology can save significant time
  - Disadvantages
    - Cost
    - Time required to get them up-to-speed on your business

Common Pitfalls

- "Package" vs. "Modules"
- Script Detail
- Implementation Costs
- Others?

Q & A

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