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NETSUITE**

BUSINESS GUIDE

Complete Guide to Selecting a Warehouse Management System

Part 1: Flawless, Flexible Fulfillment





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Read Time: 5 minutes

Complete Guide to Selecting a Warehouse Management System

Part 1: Flawless, Flexible Fulfillment

Now more than ever, warehouse operations are under pressure: How quickly an order can reach the customer is a differentiator, and competitive advantage. Yet hiring and retaining employees is a constant battle. As a result, warehouses must increase output without additional resources.

At the same time, the warehouse is a cost center. Businesses seeking to keep more cash on hand may freeze or even shrink budgets that cover costs for warehouse storage space, handling, and equipment.

Given this reality and with hundreds, or even thousands, of SKUs to manage, likely across multiple locations, inventory management with pen, paper, and spreadsheets is no longer viable. By their nature,

manual processes will always be inaccurate, and the chance of losing data is huge. Manual processes can't show the most recent sales or arrivals, and that's a guaranteed path to disappointed customers.

Mobile applications and automation via a warehouse management system, in contrast, keep day-to-day warehouse operations accurate and efficient. They optimize receiving, storage, and fulfillment, key to keeping up with rising demand. In Part 1 of this three-part series, we examine the common fulfillment challenges businesses face and outline the key functionality necessary to automate and simplify fulfillment processes.

Challenges of Relying on Manual Processes for Fulfillment

Warehouses that rely on manual processes to run their operations are at a distinct disadvantage because those manual processes take time, are prone to error, and thus cost money.

1. Inaccurate fulfillment.

Using manual processes for order fulfillment increases the likelihood of costly mis-picks. If caught before they leave the warehouse, mis-picks can be remedied, but the extra work involved increases labor costs and keeps orders from leaving the warehouse on time. Mis-picks that do leave the warehouse undetected create a whole new set of issues. The order will likely be returned and need to be fulfilled correctly. These additional back-and-forth shipping costs quickly add up, and items that cannot be put back into inventory must be disposed of. Time associated with receiving the return and processing the order correctly must be accounted for. Finally, the impact on the buyer experience may not be immediately felt, but too many errors will cost you customers.

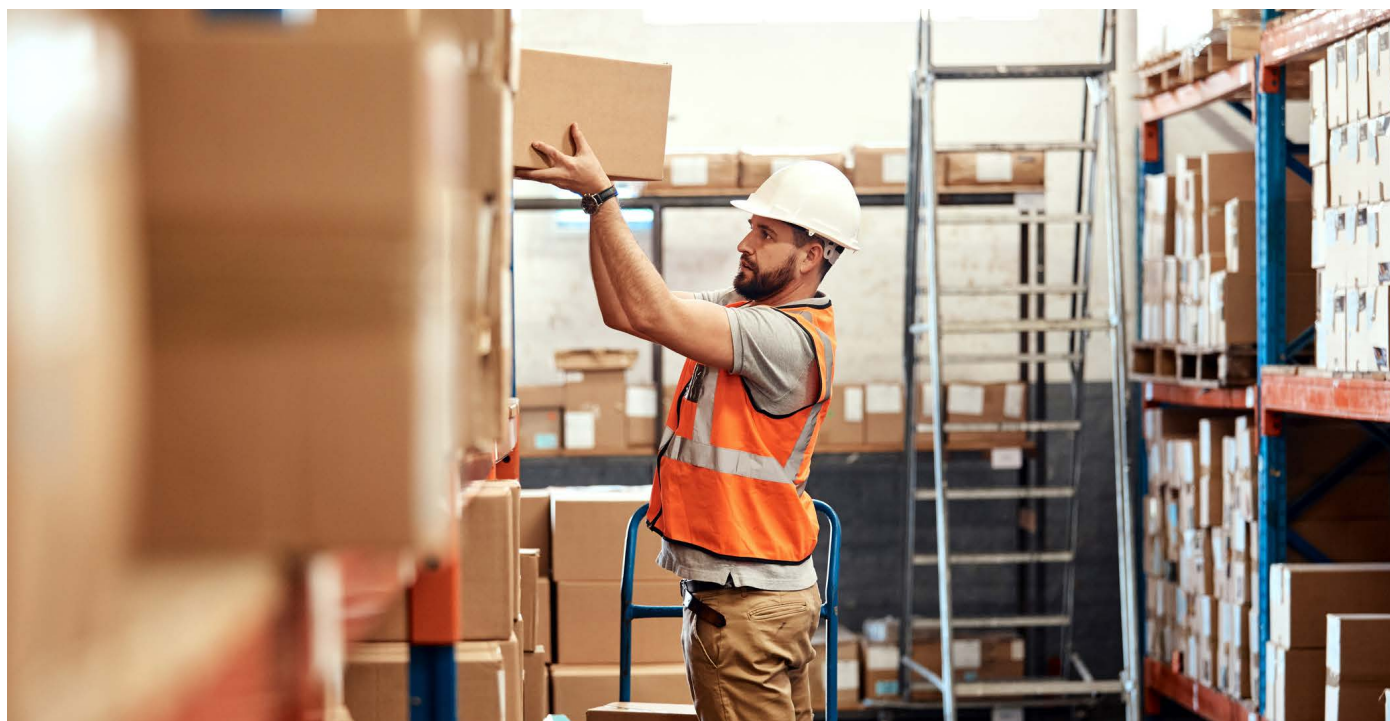
2. Inefficient picking.

Order picking is one of the most labor-intensive warehouse tasks, accounting for 50% or more of total

warehouse operational costs. Relying on paper-based practices for order fulfillment leads to additional labor costs associated with picking and packing orders. In a paper-based setting, operators pick and pack one order at a time—and may walk miles a day, traversing the warehouse floor to access the same bin location multiple times. When pickers do not have visibility into open orders and therefore work one by one in chronological order, this leads to excess fulfillment time and labor costs.

3. Costly packing and shipping.

Without a system in place to provide visibility into open orders, businesses pack and fill orders as they are received. This may result in sending the same buyer multiple orders that could have been consolidated into a single order, saving on packing materials and shipping. If you're fulfilling orders from multiple locations without visibility into where orders are going and what is in them, you have no way of intelligently dispatching orders to one warehouse or another. This results in excess shipping costs, which add up quickly. And without visibility to see and compare multiple shipping rates, you can't select the carrier that best meets the customer's needs, whether via fastest delivery or lowest price.



How to Increase Output and Efficiency in the Warehouse

An order fulfillment solution establishes rules and logic across your picking, packing, and shipping processes, ensuring orders are delivered to your customers quickly and accurately. Simplifying and standardizing processes with [NetSuite WMS](#) and [Ship Central](#) increases efficiency, decreases the chance of errors, and increases inventory optimization, ultimately increasing output and decreasing cost of the warehouse. You can also eliminate inventory availability errors that paper systems won't catch.

Automate Picking Processes

Instead of picking orders in the order in which they were received, NetSuite WMS uses pre-defined order release and picking strategies to optimize the process.

Picking strategies allow businesses to define exactly how and when they want inventory to be used to fulfill outbound orders and ensure orders are picked correctly the first time, avoiding costly mis-picks and increasing the overall efficiency of the picking process.

A mobile app puts your unique picking processes into action by guiding workers as they pick each order, step by step, including directing them to exactly the row, shelf, and bin where items are located and requiring them to scan bins as they pick items. This not only increases the efficiency of picking processes but decreases the chance costly mis-picks go unnoticed. Increased inventory accuracy drives customer satisfaction.

Another common practice for increasing picking control is forced scanning, in which the employee is required to scan or enter specific information before advancing to the next step. This further assures accurate data capture and validation against the initiating transaction while allowing warehouse managers and customer service to keep an eye on the status of sales.

Let's examine some common picking methodologies to consider when defining a picking process:

- **Defined pick strategies.** Defined pick strategies allow businesses to specify how to use inventory to fulfill orders. Enabling the system to identify the proper

recommended bin location based on concepts such as first-in-first-out (FIFO), last-in-last-out (LIFO), first-expired-first-out (or FEFO), pick to clean, pick to fill, or primary bin location gives businesses control over how their inventory is used and minimizes waste.

- **Batch/multi-order picking.** Instead of picking orders chronologically, batch, or multi-order, picking allows the system to look at all orders that need to be filled for the day and directs staff to pick items for all orders simultaneously. This decreases the back and forth of picking the same items multiple times. Batch picking is most effective when there are multiple orders containing the same SKU or items that are located near one another.
- **Zone picking.** Instead of a single worker picking items for a single order or multiple orders to completion, the warehouse is organized into zones. Order pickers are assigned a zone and will pick items for multiple orders within that zone. Zone picking reduces travel time for individual packers and can be particularly useful when many orders need to be filled with items that are located across all areas of the warehouse. Because workers are not picking orders to completion, zone picking requires someone to assemble orders for packing.
- **Wave picking.** When using wave picking, orders to be picked are scheduled into waves throughout the day; this is useful if, for example, certain orders must depart on the same truck at the same time. In each wave, scheduled orders are all picked within a specific timeframe. Wave picking may be performed as single or batch picking. Wave picking requires a warehouse manager to group orders and establish a daily workflow. Wave release allows warehouse managers to identify the proper orders to release to the warehouse for picking based on criteria such as customer, expected ship date, item/zone, ship method, or any or all the above. The ability to pick all those orders together significantly increases efficiency.

There isn't any one right way to approach picking; understanding your product portfolio and customer expectations will help you develop the most effective

strategy. Some companies employ several methods, depending on the products and types of orders being picked.

To establish an effective order picking process, keep in mind three overall picking goals: minimize travel, minimize errors, and maximize space.

Regardless of what method you choose, it's important to note that strong inventory management practices will benefit the order picking process by keeping products logically organized and stocked.

Optimize Packing Processes

Adding automation to packing provides visibility into orders throughout each step of the process. That increases efficiency and accuracy, eliminates excess costs, and ensures customer satisfaction. The increased visibility NetSuite Ship Central gives into packing processes provides an additional layer of oversight, ensuring each order contains the correct items before it goes out the door, thus avoiding expensive resh Shipments and unhappy customers.

Packing automation provides step-by-step instructions for packers on what, and how, to pack orders. Using a mobile application, packers are prompted to scan

and verify each item. This minimizes human error and provides an additional layer of checks and balances to ensure the correct items were picked. Additionally, packing automation can increase the efficiency of the packing process by letting users pack multiple cartons at the same time

Increased visibility into orders allows for even further optimization. Businesses that often receive multiple orders from the same customer, for example, can identify orders that have the same delivery address and consolidate them into a single shipment, eliminating unnecessary packing materials and shipping charges.

Streamline Shipping

The final step of getting an order into the customer's hands can be the most expensive if it isn't managed correctly, but it is also one of the most effective ways to minimize excess fulfillment costs. Taking control of shipping with NetSuite WMS and Ship Central can make a huge impact on your bottom line.

Cross-subsidiary fulfillment allows businesses to optimize inventory use, decrease time to delivery, and minimize shipping costs by fulfilling orders from the most efficient location. Using predefined rules, the



system can automatically identify the most efficient fulfillment location based on factors such as inventory availability and geographic location. This eliminates the costly situation of sending orders in multiple shipments or shipping across the country when a closer fulfillment center was available.

Given that minimizing shipping costs and transit times is the goal, being able to effectively compare shipping options across multiple carriers to identify the best rate is an important last step to success. Finally, eliminating unnecessary steps in the preparation and shipping process helps organizations track packages faster, determine the best carrier based on delivery date or location type, print shipping labels, and create documentation quickly and easily.

Executing a Successful Order Fulfillment Strategy

Consumers today expect to have the right products on their doorsteps quickly and without hassle. Order fulfillment excellence is an opportunity for businesses to differentiate themselves and create loyal customers who become brand advocates. But executing a flawless fulfillment strategy across multiple selling channels requires enterprisewide visibility and coordination.

Together, NetSuite WMS and Ship Central provide end-to-end capabilities for picking, packing, and shipping products. NetSuite eliminates unnecessary steps in the preparation and shipping process and helps you track packages faster, shop for shipping rates, print shipping labels, and create documentation.

The mobile application helps warehouse managers optimize fulfillment processes and minimize shipping costs and transit times.

An inventory management system helps with fulfillment by providing visibility into item quantities across all locations, including retail stores. With this insight, companies can effectively execute a cross-channel fulfillment strategy that could include:

- Direct shipping from the warehouse;
- Fulfill and ship from stores; and
- Drop shipping on behalf of other retailers.

Because NetSuite WMS is part of a single, unified system, orders can be automatically cross-checked against global inventory availability and routed to the most efficient location based on a set of predefined rules. These may include fulfilling from the closest warehouse location, always assigning certain items to a select warehouse, or prioritizing VIP customer orders, further optimizing the fulfillment process and taking control of excess packing and shipping costs.

Once the order has been sent to fulfillment, NetSuite WMS and Ship Central can aid in expediting the fulfillment process. By consolidating the picking process and following an optimized pick path, staff can pick multiple orders at once and pick all items from each zone at once. This minimizes the need to revisit the same area multiple times.

Once picked, NetSuite Ship Central helps businesses identify multiple orders going to the same location, to consolidate shipments. Ship Central's shipping integrations allow users to select the optimal carrier based on rate or delivery time.

Using NetSuite WMS and Ship Central, businesses are poised to automate many manual processes that take up valuable time and resources, allowing them to increase the output, accuracy, and efficiency of their fulfillment processes.



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