

# Points to Consider when Selecting a Warehouse Management System

- A white paper by Clydebuilt Business Solutions Ltd

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After reviewing your warehouse processes and weighing up the pro's and con's you have decided that now is the right time to invest in a warehouse management system. During this reviewing process you will have already uncovered areas that need improvement and perhaps already figured out where the real return on investment will come from. The next stage is to scan the market place for suitable vendors, looking at both the functionality of the system on offer and the experience brought to the table from the supplier. This alone can be daunting, with so many different companies claiming to be able to do it all, where do you start?

Preparation of an operational specification sheet will greatly assist in the procurement process as you will have already mapped out your warehouse and the key elements such as size, number of pallets, aisles, bays, staff, etc. If you have historical data regarding your daily workings including number of transactions for various processes including Goods In, Put Away, Picking, this information could also be added into the operational specification. Basically what you are doing at this stage is completing an internal Business Process Review and ascertaining exactly how you are working and identifying any peaks or dips in your operations.

It is not uncommon for companies to hire the help of a consultant at this stage with the view that an external eye often provides a better perspective. If you choose to do this it is important that you are aware of the pitfalls of doing so. Your consultant may work with a couple of 'preferred suppliers' and always point you towards one of these regardless of your specific needs. Another danger is the use of a standard Request for Information Document (sometimes known as an Invitation to Tender); these can be downloaded from the internet or provided by a consultant. The risk with using a standard template is that not all of the components listed may reflect your current practice and ask suppliers to provide information on features that you wouldn't benefit from either today or in the future. In this case when you are short listing suppliers it's easy to overlook some based on system capabilities, but in actual fact it transpires that you would not use that particular function, while the rest of the solution could be the ideal fit.

Preparing your own RFI based on the operational specification is a good place to start as all of the components are relative to your own business. You can send this out for prospective suppliers to fill out, however to gain a true idea of how a supplier will support you it is recommended to allow them to visit your site. This is beneficial to both yourself and the supplier – it gives you a chance to meet with the company and you will be able to establish fairly quickly if they have a sound grasp on how their solution can fit in with your environment, and for the supplier it provides a sound basis for filling out the RFI or writing up a proposal, based on actual scenarios that you face on a daily basis.

### Explore your options further

As well as system capabilities it is important to delve deeper into the potential suppliers to find out more about current users of their system, number and experience of staff and projected future developments. Whatever your warehouse environment, you will want to make sure that the supplier has relevant experience within this field, and can provide advice and expertise over and above installing a system. More importantly, system integration has become a key factor within the logistics environment. It is worth checking that the supplier

has tried and tested links with your preferred suppliers, as well as the ability to create interfaces between your own systems and that of your stakeholders. This can often be a differentiating factor between suppliers; again it's the syndrome of suppliers claiming to be able to do it all where in actual fact they don't have much experience in this field.

Some suppliers may ask to come back on site to carry out a detailed Business Process Review before moving on to the next stage of a tailored presentation. The cost of the BPR is normally absorbed within the final quote presented to you, but this exercise can prove to be invaluable to you. By the end of it the supplier should be able to demonstrate a thorough understanding of your working practices and be able to offer practical suggestions that can help drive internal efficiencies up and labour costs down. These recommendations can be geared towards the use of their product offering; this is ok as it is showing you how a generally off the shelf software solution can fit in and add value to your business.

Most software suppliers are reluctant to give out prices before they have been on site and fully understood your operation. This is common practice and the reason for this is that there are so many variables to be taken into consideration that even providing a rough ball park figure could be misleading. The most common factors that have to be considered are number of user licenses, additional programming required, hard ware and support costs.

Suppliers are generally happy to pass on details of their customers to be contacted as reference sites. You should take them up on this offer and speak with, or visit at least one of their customers. Unless a direct competitor, most companies are happy to provide this service to the vendor, as ultimately they were in the same position as you are now. There is no better way for you to gauge the effectiveness of a system than to see it in action, or to speak to users of the system who work with it every day. Speaking with suppliers' clients also gives you the opportunity to dig deeper into the company and you can ask questions regarding the implementation process, the customer-client relationship, as well as using the time to clarify any other concerns that you might have.

### The presentation

You may have initial thoughts on your preferred supplier based on the information already gleaned through the marketing collateral, visit to your site, discussions with peers and perhaps a visit to the vendors' clients sites. The next stage is to allow your chosen suppliers to do a presentation to the board. If your company already have the Cap Ex budget approved then the purpose of the presentations from selected vendors is to market their company and sell their solution into your business. You may, however, be in the position where staff on the ground are aware of the need for a new system but management haven't approved a budget, and in this scenario an additional purpose of the presentation is for the vendors to justify the costs by demonstrating how the investment will provide a Return on Investment and bring real business benefits, especially to your bottom line.

Good vendors will seek to demonstrate 'real life' scenarios to you based on situations that occur within your warehouse. Sample data from you will be uploaded onto their system and the transaction carried out, showing the end result. The presentation will also give your potential suppliers the opportunity to demonstrate how they plan to work with your other stakeholders to create the integration messages that are required to link the systems, where applicable.

All cards should now be on the table and if there are any questions or issues left unresolved, then this is the last opportunity to ask further and ensure that you are 100% comfortable with the offering presented to you.

### Making your mind up

There are many factors that you will take into consideration before making the final decision and selecting a vendor to work with.

- System features - will the system deliver the functionality that you need?
- Implementation - how easy will it be to implement, and what steps are taken to minimise disruption?
- Understanding – Are you comfortable that the supplier understands what you're business requirements are, and do they fully understand how you would like to move forward?
- Faith – Are you convinced that over and above the details conveyed to the supplier that they have the resources to support your investment into the future?
- Tried and tested – what was the response from existing users of the system?
- Personal relationships – Will the company work in partnership with you to deliver the right result, and do you think that you will be able to work together?
- Support – Are there adequate resources from the supplier to ensure that you will be fully supported?

Of course, there will be many more variables to be taken into consideration, but most of these should be accounted for along the stages of the decision making progress. Once you have established your need for a new system and start inviting responses from prospective clients you will already be forming opinions on both the system on offer and the company supporting the system.

It is easy to get carried away with the marketing hype surrounding some of the product offerings, but it is imperative that you stay close to your project and ensure that you are selecting on a need to have basis as oppose to 'that looks nice'. Once implemented, a Warehouse Management System is a business critical system that can have significant benefit to your working operations, and as such your decision should be made upon the final result.

It can be daunting delving into the world of choice, and with so many companies claiming to be able to do it all, it is no surprise that it becomes a difficult decision. The best advice to give is to ensure that you have explored all avenues with your potential supplier and you will find that you will make the right decision based on all of the options above.