

Delivered increased profit of US\$ 1.11 million per annum through effective warehouse management

BUSINESS CASE

Organization trends

- The organization has 61 warehouses in the country, with significantly more number in the Northern and Southern regions
- The warehousing operations of the organization generate upto 16% of the total revenue of the organization (US\$ 527+ million)

CHALLENGE

What is the challenge

- Detailed analysis of the data shows that the warehouses in the Northern region of the country, generate more profit compared to the warehouses in the Southern region
- The warehousing operations in the Southern region, are observed to have performance standards far below the required baseline
- Ineffective space utilization and ineffective maintenance are the main concerns existing in the warehousing network

Where is the challenge

- In the warehouses located in the Southern region of the country

IMPACT

What is the impact

- Due to ineffective warehouse operations there is an increase in the:
 - Cost of human resources
 - Overtime wages being paid
 - Cost of maintenance
 - Cost of spillage and damages ,leading to an increase in OPEX
- Higher lead time for retrieval of inventory from warehouse, impacting operations
- Need for setting up a new warehouse due to lack of space to accommodate new inbound inventory

How much is the impact

- CAPEX of US\$ 4.9 million being evaluated for setting up additional warehouses

TARGET

What is the Target

- Improve warehouse activities by removing unnecessary steps in the processes
- Improve the storage space utilization rate by at least 30% in the current warehouses
- Decrease the OPEX by eliminate the overtime costs and the spillage and damage costs in the warehouses
- Implement an ERP system to keep track of the inventory for easier management

How much is the target

- Targeted cost saving of at least US\$ 0.5 million through the above activities

OUTCOMES

Improved Profits

- Delivered increased profit of US\$ 1.11 million through effective warehouse management by optimizing the Warehouse operations
- Eliminated the need to set up an additional warehouse, thereby, saving CAPEX

Operational outcomes

- Implemented the ERP system to ensure all the items are traceable. This helped in effective inventory management

Employee Engagement

- Higher employee satisfaction levels as the need for working overtime has been eliminated

Delivered using:

KINDUZ Intellectual Property: QADES | AEIOU | VSM^e | LSSIB | The EPMA

KINDUZ Services: Continual Improvement | Culture Transformation | Leadership Augmentation

