GETTING THE MOST OUT OF YOUR SUPPLY CHAIN

A How-to Guide for Executing Continuous Process Improvement
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We’ve all seen the headlines of notable companies that have struggled with their supply chain, including some that have had to close operations because of it. Supply chain effectiveness is increasingly being recognized as a make-or-break factor in a company, and a strong supply chain can be the difference between a profitable organization and one that struggles to meet the status quo.

This guide will walk you through the specific steps of a continuous process improvement approach to help you prioritize, execute and communicate your highest value challenges that support your business strategy – and deliver a healthy ROI. By effectively managing change around your complex supply chain systems, you can leverage the power of them to make your organization stand apart.

“Organizations with groups focused on supply chain optimization see realized value and are nearly twice more likely to have met their revenue and margin targets than those without a supply chain COE [center of excellence].”
WHAT IS CPI AND WHY DOES IT MATTER?

Continuous process improvement (CPI) is an ongoing effort to strengthen any part of your business. When applied to the supply chain, it examines people, processes and technology to ensure that your organization is productive – not just busy. With CPI, you’re striving to make each day better than the last (rather than sweeping changes all at once) by improving your daily activities and processes.

**People:** Make sure your best people are in the right places within your organization

**Processes:** Define your best practices and processes for meeting them

**Technology:** Leverage solutions that enable you to change, evolve, and take advantage of opportunities without burdening your cost structure

Regardless of your organization’s size, CPI can be applied and bring about measurable change, including:

- Better top and bottom lines
- A proactive, rather than reactive, workforce
- Increased efficiency
- Reduced operating expenses
- Positive organizational culture change and improved morale

“We now know where every item is; precisely and at all times.” That’s huge. Every reason we chose an adaptable WMS from HighJump has been proven.”

Kenny William
Director of Process Improvement

THE CPI CYCLE EXPLAINED

To operationalize your processes, you’ll need to operationalize change. CPI is a cycle that equips and guides you in identifying supply chain activities for improvement, planning what improved outcomes should look like, executing the plan, and then reviewing the outcomes for positive impact. Let’s walk through each one.

**Identify**

Talk to your stakeholders to identify the opportunities for improvement. Tie each of those opportunities to specific programs and identify who is responsible for them. Additionally, ensure that from the beginning, your methods are visible to your operations team, IT, and all other stakeholders to ensure everyone is on the same page. As you collect data on what needs to be improved, also identify what needs to be communicated – when, and by whom.

**Plan**

Aligning your top priorities (and the tools for assessing them) will vary – often depending on the complexity and nimbleness of your organization. For instance, you may use a prioritization tool called a cause-and-effect matrix (C&E matrix). This six sigma process will guide you through building consensus around what’s important to your organization (speed to value, regulatory compliance, employee morale, etc.), versus the enhancement opportunities that were identified. From there, you can formulate projects to execute on your highest ROI priorities.
**Execute**

No doubt, this is where CPI gets hard! Now that you know your priorities, you’ll need to take stock of your available resources. What people do you have to do the configuration work? The training? Do you have technicians to promote the changes at your facilities and the support people on hand when you deploy? Think of execution as the intersection of your top priorities with the human resources you have available to carry them out.

**Review**

How do you know you had a positive impact? For small or mid-sized organizations, you may know right away by talking with your end-users and seeing the results (or unintended consequences) first hand. You have fewer constituent groups to consult, so your wish list of future changes may be created and addressed quickly.

For larger organizations with many impacted constituents, a more formal review process will likely be needed. Ensure your intervening variables are controlled so your dependent variables come out the way you expect. Keep taking feedback and continuously build a list of future opportunities.

No matter the size of your organization, your plan must be transparent and clearly communicated to all teams on a regular basis. Explain your failures and over-communicate your successes to help govern the process and manage expectations.
THE ROLE OF WAREHOUSE TECHNOLOGY

As your warehouse processes evolve, your technology will have to adapt. The cost of CPI will skyrocket if you need to customize the code base of your warehouse software as the business and supporting processes change (not to mention the disruption to your operations).

Before you embark on CPI, examine your warehouse management system (WMS) and think about how it could adapt to the upcoming improvements you’re planning. Are you going to be stuck asking your WMS vendor to write expensive custom code? Will you have to fit your business to the capabilities of the technology, or will the technology flex to the needs of the business?
Your unique processes are what make you successful, so you shouldn’t necessarily change your processes to what your WMS thinks they should be – even if they are “best practices.” Maintaining differentiating aspects of your unique way of doing business will be critical. Additionally, look down the road when considering a WMS’ capabilities and functionality. They can’t just match up with what you need today; you should be confident that the technology can adapt to your organization’s needs in the years to come.

Your warehouse technology should:

- Provide a strong base product
- Have thorough, documented processes that are maintained along with the improvements
- Be backed by a vendor with a proven implementation process and willingness to stick with you through the go-live and support
- Adapt to your growth by being a process-driven system, not flag driven

Flag-Driven vs Process-Driven Systems

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<td>Software is only as flexible as the permutations of the switches</td>
<td>Software can flex to your specific business requirements</td>
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A CPI SUCCESS STORY: PARTS TOWN

Parts Town is a distributor of OEM restaurant equipment that has experienced a double-digit growth rate for several consecutive years. It knew it needed a CPI approach to ensure it was improving efficiencies and profitability alongside its growth. Concurrently, it needed the right warehouse technology that could adapt to its fast-growing business and the flexibility that would be needed.

Parts Town chose the HighJump Warehouse Advantage WMS because of its adaptability and process-driven approach. After talking with HighJump about some of the improvements they wanted to make, the company felt confident that the HighJump WMS could handle those changes - and adapt to fit their needs down the road.

The company prioritized flexibility in its search for a WMS, and also approached continuous process improvement with agility in mind. While it followed the cycles and steps of CPI as outlined above, it didn’t need to implement a formal CPI process. The improvements were simple to identify, execute, and see.

“Parts Town has one distribution center, a few dozen users and no team of developers,” explained Kenny William, director of process improvement at Parts Town. “We have a wish list, for example, but it doesn’t take a lot of stakeholders to approve it. That allows me to move quickly, so CPI for us is literally an hour-by-hour occurrence.”
For William, the execution of CPI typically involves talking to managers, creating a list, executing the list, reviewing the outcomes, and moving on to the next item. Examples of Parts Town’s improvements include:

- **Optimized pick sort:** Improve picking speed by sorting available picks by proximity to workers. A flag-driven WMS could not have accommodated this change unless such flags already existed in the software. With HighJump, Parts Town was able to leverage the process-driven solution and achieve its particular sorting requirements.

- **Visual packing:** Improve packing accuracy by giving packers a visually rich interface that is color-coded according to when the order is partially or fully packed. Again, the HighJump WMS was able to accomplish that and outbound carton accuracy has improved by more than 20 percent over the past year.

- **Visual receiving:** Improve receiving accuracy by displaying item images from the Parts Town website during receipt sort and PO post.
  
  HighJump’s adaptability tools were able to create this process, eliminating the need for receivers to go to the website to check images. As a result, receiving efficiency is up 10 percent.

“In addition to the process improvements and efficiencies we’ve achieved with HighJump and CPI, employee morale has improved because we’re demonstrating that we’re listening to them and reacting to their needs,” said William. He also noted that CPI has helped develop a much more self-directed workforce, where employees can be more proactive and aren’t waiting around for work.

CPI is, by definition, a continuous approach and Parts Town emphasized that it has continued to do enhancements around quality monitoring, cycle counting, and more. Throughout all of the changes, the warehouse technology has continued to be invaluable. “We now know where every item is; precisely and at all times,” said William. “That’s huge. Every reason we chose an adaptable WMS from HighJump has been proven.”
In almost every industry, buyers are becoming more fickle, and more demanding. For logistics executives, effectively meeting buyer needs has become a relentless quest for speed and agility. Traditional supply chain solutions – siloed, complex and hard-to-implement – no longer suffice, as competitors find ways to deliver goods faster and more profitably.

In today’s “now” economy, HighJump helps you stay agile, with adaptable, connected solutions that harness the power of your trading partner community. From the warehouse to the storefront, from the desktop to the driver’s cab, we can help you achieve new levels of supply chain responsiveness, performance and profitability.

HighJump’s suite of warehouse management, business integration, transportation management, and retail/DSD solutions form a complete, powerful and adaptable platform that allow you to drive growth, customer satisfaction and revenue.

HighJump: supply chain accelerated.

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