Taking stock

You can't improve what you don't measure. That has long been the premise of our annual warehouse and DC metrics study. The yearly survey, conducted among *DC Velocity* readers and members of the Warehousing Education and Research Council, asks respondents what metrics they use and how their operations are performing against 30 key operational measures. What follows are some highlights of the 14th annual study.
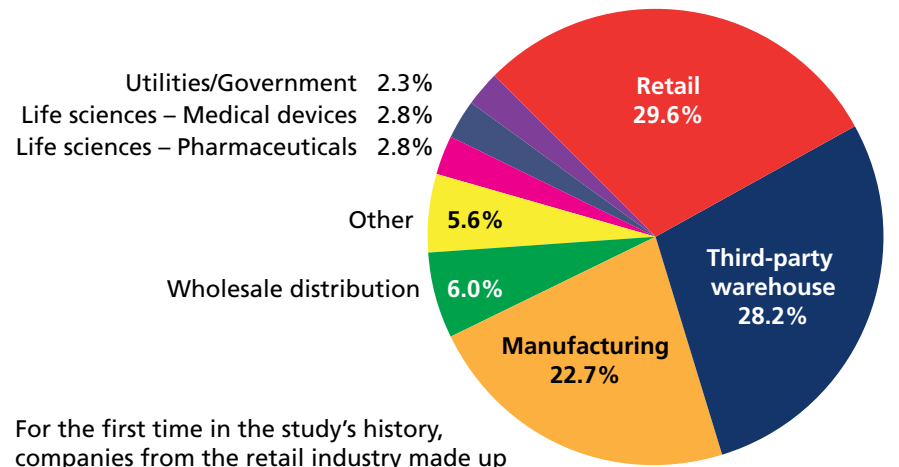
The Top 12: The most commonly used DC metrics

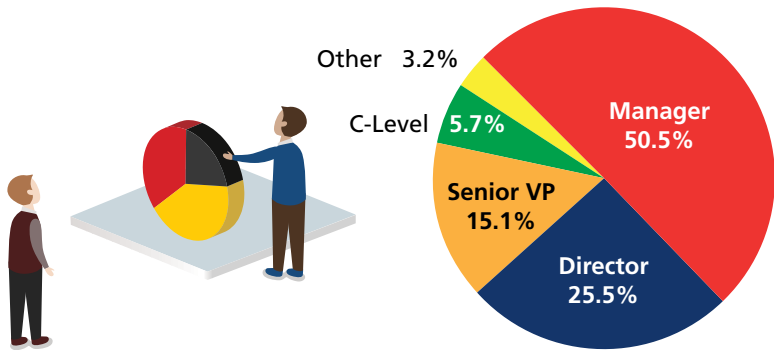| Metric	2016 Rank	2015 Rank
1. Average warehouse capacity used	2	6
2. Order picking accuracy (% by order)	3	5
3. On-time shipments	1	1
4. Peak warehouse capacity used	7	7
5. Part-time workforce to total workforce	-	-
6. Overtime hours to total hours	-	-
7. Contract employees to total workforce	-	-
8. On-time ready to ship	12	-
9. Cross-trained percentage	-	-
10. Inventory count accuracy by dollars per unit	-	-
11. % of supplier orders received damage-free	6	10
12. Order fill rate	10	-

Change is in the air! Since the beginning of this study, "on-time shipments" has topped the list of most commonly used DC metrics (with the exception of 2009, when it came in second). This year, however, it slipped to third place, behind "warehouse capacity used" and "order picking accuracy." And that wasn't the only change: Five new measures made the list this year, four of which were focused on employees, rather than activities.

2017 study respondents by title

- Other 3.2%
- C-Level 5.7%
- Senior VP 15.1%
- Director 25.5%
- Manager 50.5%

2017 study respondents by industry

- Utilities/Government 2.3%
- Life sciences – Medical devices 2.8%
- Life sciences – Pharmaceuticals 2.8%
- Other 5.6%
- Wholesale distribution 6.0%
- Manufacturing 22.7%
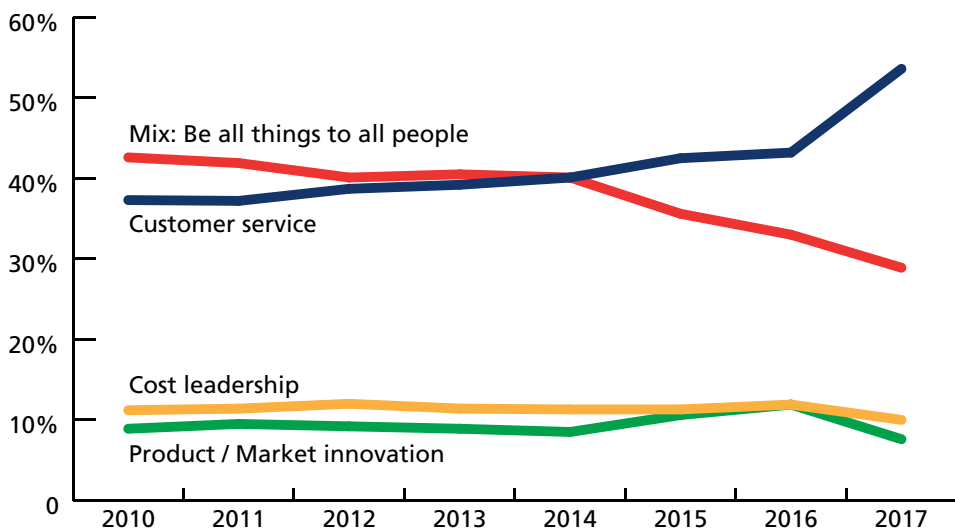- Third-party warehouse 28.2%
- Retail 29.6%

For the first time in the study's history, companies from the retail industry made up the largest percentage of respondents— a distinction previously held by the manufacturing sector. Manufacturing dropped to third place this year, while third-party warehouses moved into second.

What is your business strategy?
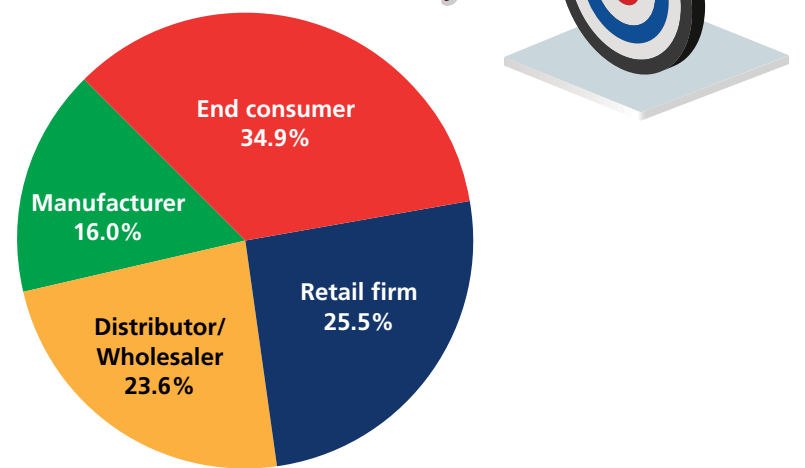

- Mix: Be all things to all people
- Customer service
- Cost leadership
- Product / Market innovation

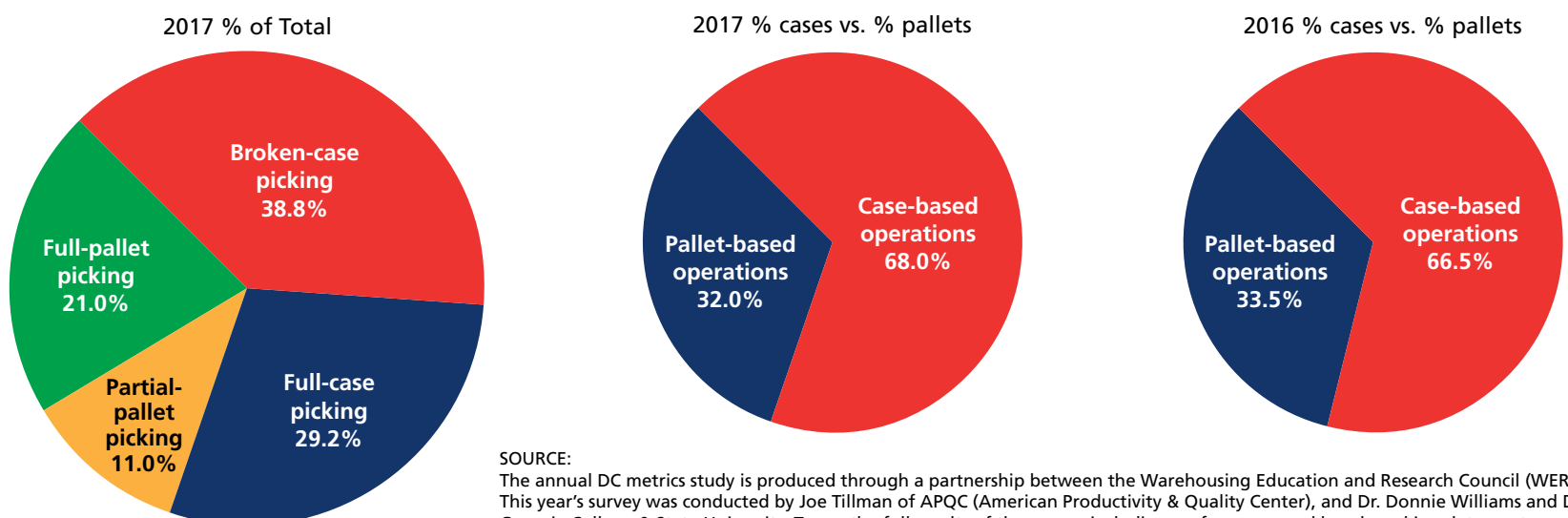(Years: 2010 2011 2012 2013 2014 2015 2016 2017)

Most companies seek to differentiate themselves from competitors by concentrating on a particular strategy, which also influences the metrics they use. This year's survey saw a jump in respondents who said they competed on the basis of customer service— a finding that correlates with the growing popularity of customer-focused metrics like "order picking accuracy."

Who is your customer?

- End consumer 34.9%
- Retail firm 25.5%
- Distributor/Wholesaler 23.6%
- Manufacturer 16.0%

In all of our previous studies, the majority of respondents reported that they were either at or near the end of the supply chain. This year is no exception: More than 60 percent of respondents said their customers were either end consumers or retail firms.

How are orders picked in your DC?

2017 % of Total

- Broken-case picking 38.8%
- Full-case picking 29.2%
- Partial-pallet picking 11.0%
- Full-pallet picking 21.0%

2017 % cases vs. % pallets

- Case-based operations 68.0%
- Pallet-based operations 32.0%

2016 % cases vs. % pallets

- Case-based operations 66.5%
- Pallet-based operations 33.5%