

Warehousing's perfect storm

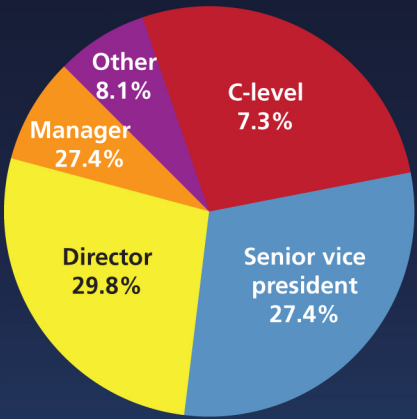
Just when many expected the wild swings in warehousing demand to slow in 2021, the industry was hit with more uncertainty—inventory logjams at ports and new waves of supply chain shutdowns due to Covid-19 variants. So it's no surprise that this past year, many warehouses struggled with performance. But what does all this mean from a warehouse management standpoint? Has the turmoil affected the metrics warehouse leaders use to assess their operations? The 19th annual warehouse and DC metrics study, conducted among DC *VELOCITY* readers and members of the Warehousing Education and Research Council (WERC), suggests that it has. Here's a look at some of the survey's findings.

Top 12 most commonly used metrics, 2022

Metric	2022 rank	2021 rank	2020 rank
Average warehouse capacity used	1	1	1
Order picking accuracy (% by order)	2	2	3
On-time shipments	3	4	7
On time ready to ship (outbound operations)	4	10	14
Peak warehouse capacity used	5	3	5
Dock-to-stock cycle time, in hours	6	9	10
% of supplier orders received damage-free	7	11	13
% of orders with on-time delivery	8	5	4
Order fill rate	9	13	11
Shipped outbound orders damage-free	10	7	6
Fill rate (line)	11	14	18
Shipped complete per customer order	12	6	2

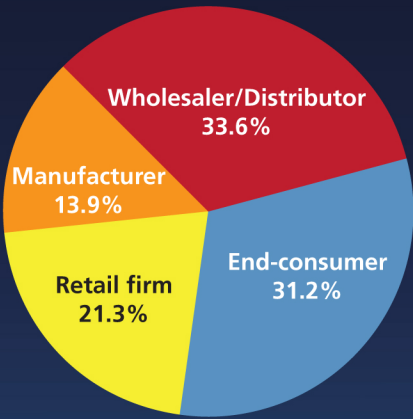
While capacity is still top of mind, warehouse leaders' focus shifted to operations in the past year, with measures like "on time ready to ship" making a big jump in the rankings.

Survey respondents by title



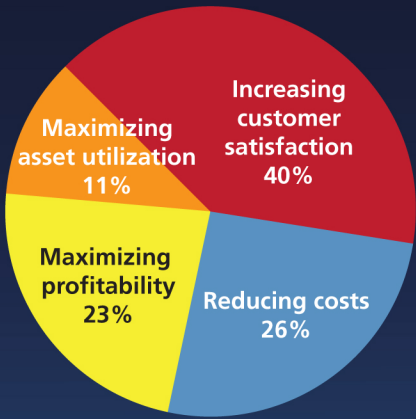
This year's survey saw a 30% jump in senior vice president participation compared to prior years, not surprising considering the increased interest in warehousing, logistics, and supply chain management from executives and boards of directors these past two years.

Who is your customer?



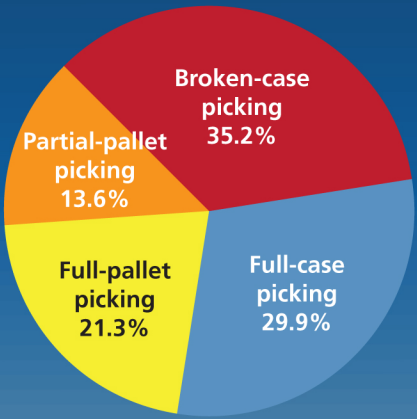
The majority of respondents are providing products to end-consumers either directly or through a store. At the same time, companies are moving away from supporting manufacturers and shifting their focus to distributors and wholesalers.

What is your company's primary objective?



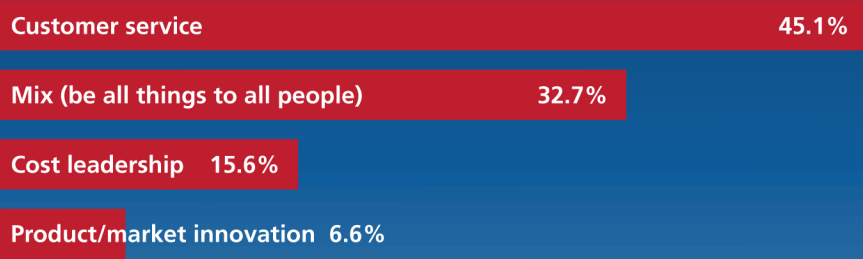
Companies continue to shift their focus from reducing costs to increasing customer satisfaction, with the number of respondents citing cost reduction as their primary goal down 20% from 2021. This aligns with businesses' ongoing response to the pandemic and the many choices end-consumers have when deciding where to shop.

How are orders picked in your DC?



Broken-case picking decreased by 18.5% from last year, with just 35.2% of respondents reporting that their operations performed this type of picking. This may be attributed to companies' fulfilling customer orders directly from stores with grab-and-go order pickup options.

What is your business strategy?



When the economy is good, businesses are more willing to follow a "mix" strategy to expand their customer base and market share. But with all the uncertainty of the past year and a tighter economy, many companies have reverted to a customer-service strategy.

ABOUT THE STUDY: The annual DC metrics study is produced through a partnership between the Warehousing Education and Research Council (WERC) and DC *VELOCITY*. This year's survey was conducted by Joe Tillman, a WERC researcher and manager of education programs at SMC³; Dr. Donnie Williams, associate professor at the University of Arkansas; and Dr. Karl Manrodt, a professor at Georgia College & State University. To see the full results of the survey, including performance and benchmarking data, go to www.werc.org.