

EPICOR

7 Cost-Saving Benefits of a Warehouse Management System

Running an efficient warehouse provides real value during a labor shortage



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Introduction

At Epicor, we understand the importance of optimizing workflow during this time of labor shortage and inventory control throughout your daily business operations. That's why we build extensive inventory control and tracking functionality right into the core of our building supply solutions, including our Warehouse Management System (WMS). No matter how large or varied your inventory, whether your distribution business is

regional or national, we have the technology and expertise to optimize your current warehouse and yard operations. We'll show you how to drive greater operational efficiencies during industry labor shortages by partnering with Epicor and WMS. This report will walk you through the key advantages and critical steps on your warehouse management journey.

You'll learn:

**Why 95%
inventory accuracy
may not be good
enough**

**How to improve
warehouse and
yard staff
productivity**

**The pitfalls of
paper-based
warehouses**

**How inventory
inaccuracy can
kill warehouse
efficiency**

**How the right
inventory
management system
can help you
operate at peak
efficiency during
labor shortages**



Benefit #1— Productivity Improvements

When labor is tight, business owners need to maximize efficiency at every step of the building supply process. With Epicor WMS, you'll learn how to run a streamlined, lean operation—our customers typically see an impressive 20% improvement in productivity for warehouse/yard personnel, as well as their managers. In other words, despite the challenging marketplace, you'll get more done with fewer people. You'll see the benefits of this efficiency in three main areas:

Improved inventory accuracy—When you achieve >95% true inventory accuracy, you eliminate most of your exception-handling and fire-fighting efforts

System-directed activities/tasks—Good warehouse management solutions will direct the activities and tasks of personnel—meaning, for example, no more walking back and forth from the shipping office to see if there are more orders to pick

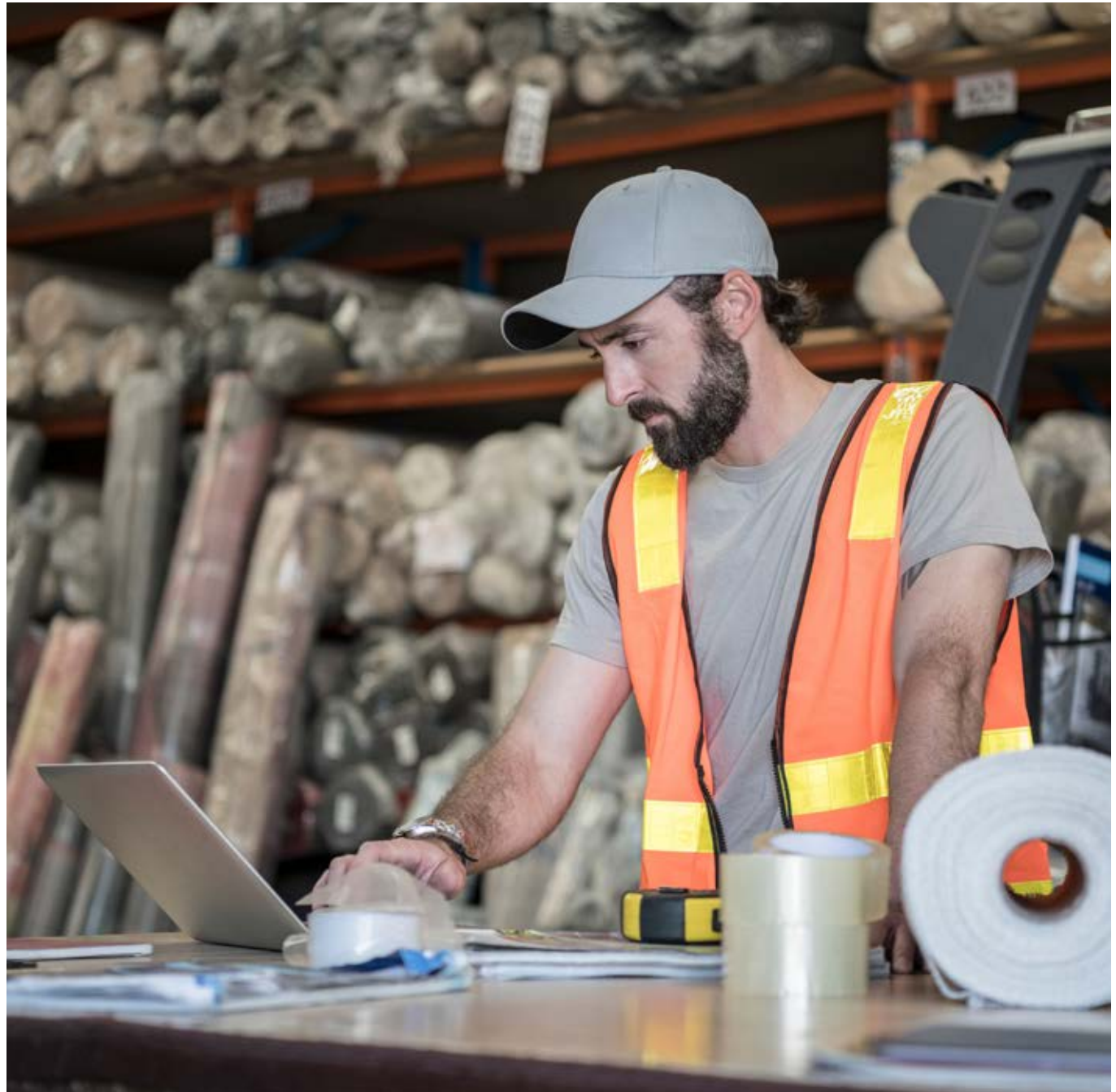
Accountability—A good warehouse management solution tracks which employee completed each task, creating more personal accountability across the entire team

Benefit #2— Barcode Automated Data Entry

Inventory tracking on all Epicor building supply solutions is done through barcodes and handheld barcode scanners. These updated scanners replace traditional manual data entry in areas like:

- Receiving
- Shipping
- Picking
- Stock counting

With handheld scanners, you're not paying someone to sit at a computer and transfer data by hand from a sheet of paper into your business system. Recording the information now occurs out on the warehouse floor, or in the yard by your operations personnel as they go about their everyday jobs. Most important, data entry errors are virtually eliminated with barcode scanning—as are mundane data entry and paper filing jobs.





Benefit #3—True Inventory Accuracy

Calculating inventory accuracy using total dollar value allows the inventory surpluses to cancel out the shortages. This results in a lower net discrepancy that doesn't reflect the "true" level of inventory accuracy. Epicor solutions can help you get a clearer, cleaner result.

Our definition of "true" inventory accuracy means the right product, in the right quantity, in the right location. To determine your true inventory accuracy, simply do the following:

- 1 Look at your latest physical inventory variance reports, or randomly sample 50-100 items in your warehouse
- 2 Compare what your computer system thinks you have in a given location to what is actually there
- 3 Companies that calculate a 95% dollar-value accuracy may find that their warehouses actually have only 40–60% true accuracy—when spread throughout a warehouse, these variances can cost companies significant time and money.

How Inventory Inaccuracies Kill Warehouse Efficiency

Most of the issues that your employees deal with on a day-to-day basis are due to inventory discrepancies and lack of inventory visibility. Do these issues sound familiar? Frequent sales rep calls to the warehouse to check on stock

- Incorrect shipments due to the wrong product in the wrong location
- Missed sales because you don't have accurate stock information on hand
- Customers that were promised stock up front, but don't end up getting it because there isn't enough on hand
- Non-stock items that are ordered and rush-shipped to customers, only to discover you already had the items tucked away in the warehouse
- Countless hours spent trying to find missing or misplaced products

Inventory variances are at the heart of all these unhappy scenarios. Inaccuracies won't burn you every time--but if 40% of your inventory balances are off, it's going to cause issues that trickle down throughout your operation. Having the confidence that your inventory numbers reflect the day-to-day reality of your business frees you up to focus on exceeding expectations for your customers.



Benefit #4— Improved Shipping Accuracy

Another tangible benefit of a proper warehouse management system is the reduction of incorrect shipments, saving both you and your customers a great deal of time, effort, and money. Estimates of the cost of errors range from \$70–\$500 per shipment error, once you add in the effort for someone to return and reship the order.

Along with the financial value of working with a proper warehouse management system, the right solution also helps you increase trust with your customers. Knowing that their order will be correct and on time is critical to developing repeat customers, which allows your business to thrive and grow.





Benefit #5—Easier Cycle Counting

Cycle counting can replace traditional physical inventory counting methods when you're operating on an Epicor inventory and warehouse management solution. Here's why and how you benefit:

1

Simple and in real time—It's easy to perform cycle counts and track your valuable inventory as frequently as needed, since data is entered using mobile devices in the warehouse or yard and updated in the Epicor system in real time

2

No freezing necessary—Someone can follow right behind and pick an item from the same bin, and your count won't be off

3

Errors are found and fixed quickly—Variance reports can be created as frequently as needed to track down the source of discrepancies—with frequent cycle counting, you can be confident that your stock levels are always accurate



Benefit #6—Reduced Labor and Training Costs

In today's world of labor shortages and high turnover, it's important to be able to train and monitor performance efficiently. All Epicor building supply systems ensure employees work not just faster, but better. When your ERP system integrates all aspects of your business, you're able to seamlessly monitor results, as well as spot any potential challenges before they occur.¹

Our system boosts productivity at every stage of the process:

- Integrating workflow from procurement to customer shipment
- Prioritizing tasks to optimize order fulfillment
- Using AI to determine inventory quantity and management, and reducing waste
- Providing step-by-step prompts, alerts, and task lists

When a user logs in to perform a certain assignment—put-away, replenishment, picking, cycle counting, loading, etc.—the system prompts them with specific tasks to perform. A new employee can be productive in days instead of weeks—saving organizations time and money.

In addition, adding cloud ERP capabilities to your operation means that applicants for roles like accounts payable, sales, and office management can come from outside your immediate geographical area. You benefit from more efficient hiring timelines, and a greater pool of qualified candidates who can take on back-office work remotely.

Finally, the right cloud ERP system empowers you to invest in your employees' development and knowledge as their career progresses. By offering them access to webinars, online educational information, and internal job opportunities, you're helping them forge a path to advancement and increased longevity in the field.

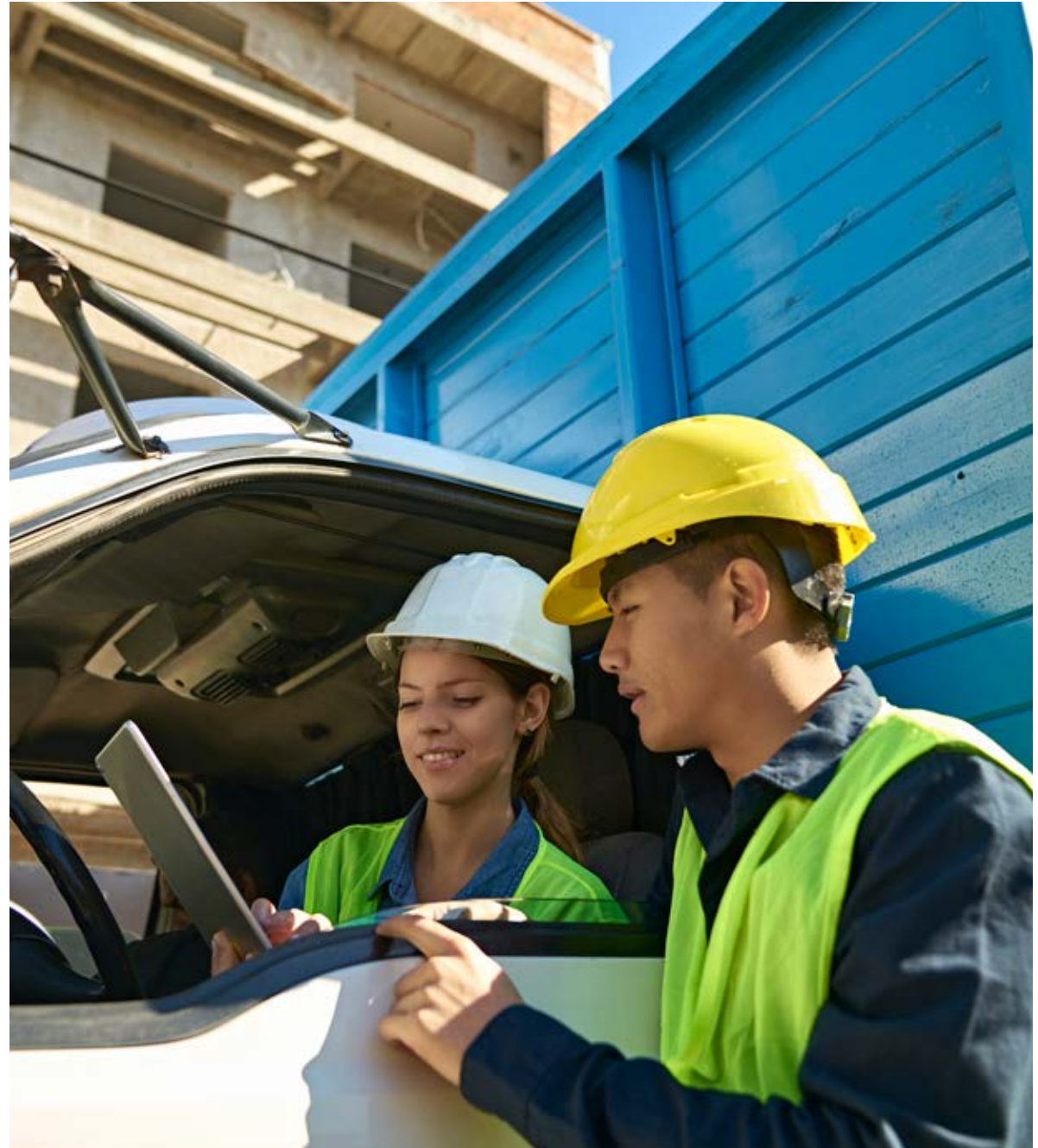
¹ 4 Steps for Turning the Skilled Labor Shortage into an Opportunity [Epicor blog, December 2022](#)

Benefit #7— Empowered and Proactive Management Team

Finally, a well-implemented WMS even helps your managers be their best, every day. The workflow, query tools, and dashboards built right into each system build a framework for your managers to:

- Establish and maintain process discipline
- Track performance in real time
- Handle exceptions efficiently
- Head off problems before they cost you time and money
- Spot trends and opportunities to become more efficient and profitable

Your warehouse, yard, and operations managers will have what they need to be effective and run a streamlined, successful business.



Is a WMS Too Expensive?

As a business owner and decision maker, you want to ensure that the benefits of each investment you make in your company outweigh the costs. When you assess all the advantages and a short payback period, the real question becomes, “What’s the cost of not having a warehouse management system?” With improved efficiency, increased savings due to cloud capabilities, and enhanced career support even in the face of a labor shortage, Epicor solutions deliver measurable value throughout the building supply process—from contract to construction to completion.

Benefit of WMS (Large Customer/Many Users)	Annual Cost Savings*
Automated data entry	\$80,000
20% productivity improvement on 24-person warehouse staff	\$240,000
Lower cost of returns/customer service due to 36 incorrect shipments/month	\$155,000
No overtime needed to count inventory	\$45,000
Reduced management time in training, oversight, fire fighting for 8 supervisors	\$230,000
Unreported over shipments	\$125,000
Re-ordering lost special-order material	\$9,500
TOTAL	\$884,500

**Estimates provided are the result of conversations with businesses evaluating Epicor WMS. For more information and to determine your savings opportunity, send a request to buildingsupply@epicor.com*

Benefit of WMS (Mid-size Customer/Multiple Users)	Annual Cost Savings*
Automated data entry	\$35,000
20% productivity improvement on 9-person warehouse staff	\$90,000
Lower cost of returns/customer service due to 6 incorrect shipments/month	\$32,000
No overtime needed to count inventory	N/A
Reduced management time in training, oversight, fire fighting for 1 supervisor	\$14,000
Unreported over shipments	\$37,500
Re-ordering lost special-order material	\$2,000
TOTAL	\$210,500





EPICOR

We're here for the hard-working businesses that keep the world turning. They're the companies who make, deliver, and sell the things we all need. They trust Epicor to help them do business better. Their industries are our industries, and we understand them better than anyone. By working hand-in-hand with our customers, we get to know their business almost as well as they do. Our innovative solution sets are carefully curated to fit their needs, and built to respond flexibly to their fast-changing reality. We accelerate every customer's ambitions, whether to grow and transform, or simply become more productive and effective. That's what makes us the essential partners for the world's most essential businesses.

Contact Us Today: info@epicor.com | www.epicor.com

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