



Why the Status Quo Won't Cut It in Today's Fulfillment Market

Given the seismic shift in retail competition and the accompanying transformation in consumer expectations that has arisen as a result over the past years, the pressure on retailers to dramatically enhance order fulfillment capabilities is palpable.

But while many retailers are addressing these challenges by investing in new and more advanced fulfillment options, some will ultimately invest in systems that will simply perpetuate the status quo rather than enable them to achieve the kind of flexibility needed to maintain their competitive edge.

Why?

It's human nature to favor the known — even if it is unfavorable — over the unknown that change can bring, because maintaining the status quo in caveman times typically meant staying alive longer.

But in modern times such a choice can be life threatening — at least to a business, that is — because it ignores a critical market reality that given the increasing and seemingly ceaseless velocity of change in the supply chain industry, the ability to adapt to change will be the critical differentiator between businesses as they either succeed or fail to evolve in the future.

So how do you ensure your fulfillment operation will be able to adapt to change in the future?

It all starts with finding the right automation provider.

So to help with your due diligence, here's a primer on what to look for in your quest for the right partner.

A Change in Thinking

Finding a partner that will not just automate your fulfillment, distribution, or warehouse operation, but actually engineer adaptability into your solution in the process is critical.

And that all begins with a provider's approach to defensive thinking.

Defensive thinking has long been a hallmark of most fulfillment automation systems. But the traditional approach to defensive thinking that is still very prevalent in the warehouse design industry today overlooks the critical need for the adaptability that is crucial to being able to evolve in the face of inevitable change and an unpredictable future.

The traditional approach to defensive thinking is rooted in the idea that what worked in the past will work in the future.

It is an approach that typically relies on linear growth scenarios and static input variables to design equipment-heavy solutions that deliver narrowly focused throughput results. And as such, it allows for little in the way of accommodation for unplanned order volume, fluctuations in order profiles, unforeseen growth, or changes to merchandising strategies.

It is a reactionary approach that solves production problems on the warehouse floor through the use of excessive equipment, people, and processes — and addresses problems only after they have occurred.

Examples of this approach can be found in the use of extensive accumulation conveyor, expensive sequence buffers, and expansive "hospital zones" for handling system exceptions.

As an approach that has arisen primarily through undisciplined warehouse design practices and the erroneous assumption that failure will be an inevitable component of a system's operation, it is one that is simply not adaptable to the increasing need for flexibility in the market today.

Next-Level Defensive Thinking

The defensive thinking that a good provider brings to its design process, on the other hand, moves problem solving from the equipment and personnel on the warehouse floor to the initial design process and the software that runs the system.

It is a proactive approach that anticipates issues before they happen and solves for problems in advance through a highly methodical, iterative, computer simulation design discipline, the use of carefully formulated, tested, and proven system algorithms, and the leveraging of business intelligence.

In taking a next-level approach to solutions development, the right provider upends the traditional approach to problem solving in the fulfillment trade and lays the foundation for the creation of more robust, flexible, and adaptable fulfillment and distribution solutions.

Through the use of advanced analytics techniques and [computer modeling and simulation](#), the best provider will achieve a relational understanding of each client's data sets and fulfillment challenges on a level that was not previously possible.

Instead of designing around averages and static order profiles, that provider can then build and test design theories using synthetically generated future-state data sets that incorporate the variables that more accurately reflect unpredictable future fulfillment challenges — and then design systems with the flexibility to accommodate those variables.

But system design is only part of the equation.

The [algorithms](#) are where the real problem solving takes place.

In running iterative simulations against its system design models using varying input parameters, the right provider will be able to understand the break points in any design.

Old school defensive thinking would address those challenges with more equipment, but a next-level provider will address them by empowering system algorithms to arrive at solutions to production challenges through non-linear approaches.

In other words, the best providers don't design for the worst case scenario through infrastructure, which would translate to outsized, underutilized systems, they design against it through the creation of highly robust algorithms. By building measures into their algorithms that enable a fulfillment solution to adapt on the fly to the variables that cause most systems to fail, next-level providers create leaner, smarter, and more efficient fulfillment automation systems that have the ability to not just react to issues, but anticipate and accommodate them in advance of their occurrence.

Finally, to augment the operational efficiency of an automated fulfillment system throughout its lifecycle, a next-level provider's approach to problem solving also relies on the continued use of analytics in the form of [Business Intelligence](#) capabilities. Using operational data captured in its software and the analytical insights available through its BI, its clients will be able to continually monitor operational efficiency, enhance labor efficiency with [Workforce Automation software](#), and/or engage in the process of [Continuous Improvement](#) to continually sharpen their competitive edge.

Critical Differences in Outcomes

For companies that choose the right provider, this means leaner systems with smaller infrastructure, higher equipment utilization, multi-tasking equipment, access to emerging technology, reduced labor demand, lower cost-of-goods sold, higher service level capabilities, and increasing levels of efficiency throughout the life of the system.

It means that retailers can capitalize on systems designed to accommodate the shifts in production demand, non-linear growth, order profiles (the mix of lines to orders, units to lines, and SKUs to service), and returns volumes that hamstring traditional systems.

And it means that, before problems occur, systems facing fluctuating operational conditions will be automatically recalibrated by optimization algorithms to standards that have been simulated, tested, and proven far in advance of the actual system go-live to enable continued optimal performance despite operational fluctuations.

But most importantly, it means that should you choose the right provider, you will have the ability to adapt your automated fulfillment capabilities to accommodate unanticipated growth and business demands, including non-linear growth, divergent merchandising strategies, and changes in business models.

What It Means to Be Adaptable in the Fulfillment Future

The pressure is on retailers to dramatically increase service levels while dramatically decreasing costs associated with fulfillment, to shorten order cycles while lowering the cost of goods sold, and to be increasingly adaptable to fluctuating market and consumer demands.

This can't happen without a paradigm shift in the defensive thinking that shapes some of the material handling systems in which retailers invest.

Automated order fulfillment success comes with the ability to not just meet planned production requirements, but seamlessly absorb those that are the result of unforeseen events — while also securing the return on investment promised by the fulfillment solution provider. That is the definition of adaptability in an uncertain future.

For retailers to achieve the next level of fulfillment success, their operations need to be able to seamlessly adapt to the following:

- Changes in merchandising strategies, buying patterns, receipts handling, transfers and consolidations, outbound shipments
- Fluctuations in order profiles (lines, units, SKUs, the number of orders)
- Fluctuations in returns volumes and patterns
- Rapid expansions in non-linear growth
- Shifts in business models
- Global pandemics

Can you? If not, we can help.

If you're thinking about automating your fulfillment, distribution, or warehousing operation, tell us what you want to accomplish, and we'll show you how you can.

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