# Best Practices – Slotting

Kevin Collins, Director Product Marketing, SmartTurn

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Agenda

- SmartTurn Background
- Best Practices Intro
- Slotting
- Product Demo
- Q & A

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Company Background

SmartTurn Inc.

- Founded in 2004 as a division of Navis, (acquired by Zebra: Nasdaq ZBRA)
- Spun off December 2007
- Quality investors: NEA and Emergence Capital
- Seasoned executive team
- Deep engineering talent
- Strong supply chain domain knowledge
- Leader in Software as a Service WMS
- Headquartered in San Francisco, CA

Domain Experience

- Software-as-a-Service
  - Jim Burleigh, CEO
    (ex VP Products & Marketing of Salesforce.com, Remedy, Oracle)
- Technology Excellence
  - Miguel Pinilla, CTO
    (ex VP Engineering, Informative, Navis LLC., Stanford PhD)
- Sales Execution
  - Mike Pyle, Sales VP
    (Citrix, Stanford AB, 8-YR SaaS)
- Marketing
  - Jim Bell, Marketing VP
    (ex VP Electric Cloud, Actuate Corp., Kellogg MBA)
- Chairman of the Board
  - John Dillon, Chairman
    (original CEO of Salesforce.com, Navis, Hyperion)
What is a Best Practice Series?

A series of Best Practices for Inventory Management Solutions (IMS) & Warehouse Management Software (WMS)

 ✓ Tools – Leading SaaS Application, Webinars, eBook, Blog
 ✓ Pain Points – Tips, Recommendations, Guidance
 ✓ Experience – Seasoned, Professional SmartTurn Team
 ✓ Leadership – Trusted Advisor, Facilitator
 ✓ Preparation – Help You to Engage, Plan and Execute
 ✓ Access – SmartTurn Forum, Community Sharing, Test Drive
Slotting for Efficient Warehouse Operations

What You Will Learn From This Series

☑ Slotting Benefits
☑ Slotting Techniques
☑ Slotting Strategies
☑ Customer Examples
☑ Developing Your Own Slotting Strategy
The Benefits of Slotting

✔ **Improve Efficiencies**
  - Reduce extra handling with fewer touches
  - Increase inventory turns
  - Increase Putaway Performance
    - Fewer on-off fork activities
    - Increased efficiencies
    - Full pallets, cases, masters, etc can now fit
  - Increase Replenishment Performance
    - Stocker doesn’t need to guess whether product/pallet will fit
  - Increase Picker Performance
    - Optimize pallet building, packing
    - Reduce travel time
    - Reduce injury
    - Reduce hourly labor

✔ **Reduces Damage**
  - “Heavy” item placement
  - Fragile/glass/sensitive item placement

✔ **Optimizes Space**
  - Cube Utilization
  - Fewer Pallets
Slotting Techniques

Slotting 101 – Basics
Where do you Slot Each Item?

× Fixed Method (Least Efficient) –
  • Find the first empty slot
  • Slot without Analyzing:
    • Workflow
    • Labor

➢ Spreadsheet/Database (Better) –
  • Help you Sort
  • Dig through Data

✅ Manual – Software (Best) –
  • Slot by Physical Characteristic, Unit of Measure, Weekly Velocity
  • You Control/Monitor/Approve
  • Optimize Picking/Putaway

31% - Efficient Slotting Plan Minimizes Picking Travel Times
51% - Using Software / Database to help Slotting Plans.
Majority – Do not use Forecast Data to Support Slotting Plans.

– Supply Chain Consortium
– March 2007 Survey
Slotting Strategies

✓ Strategies

• **Slot by Velocity**
  - Fast Movers closest to dock area or slotted in front of Aisle or Pick/Pack area

• **Slot by Fit**
  - Weight, Cube, Height, Commodity, Vendor

• **Balancing Slots**
  1. Leave room for emergency items (2% - 5%) per zone, aisle or group
  2. Keep rack height consistent to avoid confusion
  3. Separate items based on a category – bags, cans, glass, chemicals, liquid, etc.
  4. Use standard naming convention
  5. Slot and re-slot when needed - don’t wait until it’s too late
  6. Slot when no activity is taking place
  7. Keep your aisles and zones balanced
Customer Examples

✓ **Slot Naming**
  - Warehouse, Zone, Aisle, Bin, Position, Level

✓ **Example #1 (Best):**
  - Zone: 1
  - Aisle: A
  - Location/Bin: 0
  - Position/Level: 01
  - Level/Position: A
  - 1A-001-A

✓ **Example #2 (Good):**
  - Aisle: 1
  - Location: 15
  - Level: 04
  - 11504

✓ **Example #3 (Poor):**
  - Zone/Aisle/Location/Bin: BIN
  - Position/Level: 05
  - BIN05

- You can also swap numbers with alphabet characters or vice versa
Developing Your Own Strategy

Create A Slotting Plan

 ✓ Prioritize, Evaluate, Implement
   - Consult with Professionals
     - SmartTurn Customer Experience Managers
     - Technology/Integration Company’s
       - CMAC, Ryzex, MSA Systems
   - Invest in Technology
     - WMS application that supports any slot naming convention
     - WMS app that allows picking polices by slot identifier
   - Know your Products
     - Know your product velocity
     - Review trends and forecasts
     - Seasonal, advertising, market
   - Analyze your Locations
     - Know your warehouse layout
     - Optimal picking path
     - Rack types
     - Congested areas

 ✓ Useful Tips
   - Efficient Slotting requires monitoring, changes, reorganization and tweaking
   - Historical trends or forecasted demand will require item slot changes
   - Watch for huge spikes in demand that will last for an “inventory turn”
   - Prepare for advertising, marketing, seasonality, sales force
   - Identify slow movers, remove them from prime locations – move them before peak
   - Slot & re-slot before the holidays
     - Resize locations when needed – items should always fit in the location
     - Ask for feedback from pickers, operations staff, receivers
Product Demo
For a FREE test Drive visit: SmartTurn_Test_Drive

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Recap: Benefits of Slotting

Immediate & Long Term Benefits of Slotting

1. Increase Efficiencies
   • Minimize picker travel time
   • Minimize breakdown on dock
   • Reduce product handling - fewer touches.
   • Increase Key Performance Indicators – KPI’s
     • Inventory turns, picks per hour, cycle times

2. Reduce Damages
   • Correctly slotted items will fit in the location, build better pallets.

3. Optimization
   • Space utilization, fewer pallets/boards
   • Reduces labor

4. Improved Worker & Health Safety
   • Heavy item placement, less bending
   • (Reduce worker compensation claims and premiums)
SaaS WMS vs. Traditional Licensed WMS

Compare the Total Cost of Ownership for a typical warehouse* between a traditional licensed WMS and SmartTurn over 5 years:

**SmartTurn 5 Year Cost**
- Starting at $500 Per Month
- Days/Weeks implementation
- No software licenses
- No hardware or servers
- No maintenance fees

<table>
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<tr>
<th>$500/Month Subscription IMS</th>
<th>$30,000</th>
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<td><strong>Grand Total</strong></td>
<td>$30,000</td>
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<table>
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<th>$800/Month Subscription WMS</th>
<th>$48,000</th>
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**Traditional WMS 5 Year Cost**
- Perpetual licenses
- Computers, servers required
- 3 – 12 month implementation
- Dedicated project resources
- Recurring maintenance fees

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<td>Hardware</td>
<td>$50,000</td>
</tr>
<tr>
<td>Implementation</td>
<td>$120,000</td>
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<td>Project Management / IT</td>
<td></td>
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<tr>
<td>Maintenance</td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>$36,000</td>
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| Maintenance              | $162,000|
| **Grand Total**           | $418,000|

*Typical Warehouse
- 100,000 Square Feet
- $500,000 Inventory Value
- 100 Outbound Shipments/Week
- Integration Low End ERP
SmartTurn Customers and Industry Pundits

“This new capability has helped us win new customers. SmartTurn’s web-based system has kept our initial investment costs down...”
— Carol Runnels, President
Prologistics

“Prior to SmartTurn we lost a lot of trade discounts with our old system... in the order of $40,000 a month!”
— Carlos Rubio, Director of Finance for Grayling Industries

We only lost one box last quarter reducing shrinkage costs by thousands of dollars.
— Judd Harris, Delivery & Warehouse Manager, AAdvantage northAmerican

“SmartTurn has the right functionality we need to optimize and account for $5-to $6-million-dollars worth of inventory materials.”
— David McKechnie, Materials Procurement Director, ICWP

“With SmartTurn, we have fewer stock-outs. I know what I have coming and how to prepare for spikes in demand.”
— David McDaniel, Warehouse Manager, Frozen Gourmet

“SmartTurn will shake up the WMS Industry.
✓ Enterprise-class functionality
✓ Lowest TCO
✓ Perfect for small, medium business”

Steve Banker, ARC Analyst

“Aberdeen Group on SmartTurn
“SmartTurn has been a true pioneer in this space.....users of on-demand warehouse applications are twice as likely to have the ability to quickly change or modify business processes in their software”

Ian Hobkirk, Aberdeen Analyst
Question & Answer Session
1 281-218-4892

For a copy of the Q&A and this Presentation visit: SmartTurn Forums

All questions and answers are posted anonymously to our forum at: www.smartturn.com/forums.
Thank you!

www.smartturn.com

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