

# WAREHOUSE EXPERIENCE CASE |

## Consolidating Warehouses and Meeting the “Go Live” Shipping Deadline



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Planning, scheduling, and managing a complex  
warehouse consolidation project while  
embedding project management best practices

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## EXPERIENCE CASE | Hospitality Goods Manufacturer and Distributor

Planning, Scheduling, and Managing a Complex Warehouse Consolidation Project

### Warehouse Consolidation Needs

Time was running out on the firm's plan to leisurely transfer all inventory from one older warehouse to a new distribution center. Unfortunately, the new location's lease was held up for 6 weeks longer than the initial project plan. The team needed to migrate all data into a new enterprise resource planning (ERP) system, too, and was also struggling to get vendors vetted and purchase orders out for critical new equipment destined for the new location (warehouse racking, office supplies, capital equipment, etc.). Additionally, the team was under pressure to get a better handle on managing the technology infrastructure installation (cameras, fiber optics cabling, and electrical wiring) needed to set up the firm's most modern and efficient distribution center yet.

In addition to planning and scheduling issues, the internal team did not have enough staff to get all the products out of old racks and into the staging areas to ship out to customers and the new center. This labor constraint contributed to slower distribution and brought on added shipping bottlenecks, such as delays in shrink wrapping and loading pallets onto trailers. Lack of staff added to inventory counting errors.

The team was still trying to agree on their clean item master list—essentially a list of all the inventory that would need to be moved with clear classifications for the most urgent moves. Initial internal projections of inventory volume to be moved to the new warehouse was unrealistic. The internal team had estimated 250 truckloads of ongoing stock-keeping units (SKUs) would need to be moved. Ultimately, 700 truckloads of inventory would have to be moved. During initial planning, assumptions were made without consulting the right managers and experts closer to the work with more experience regarding customer demand planning and the current inventory levels.

Although trying their level best to juggle all these responsibilities, the internal team was having a tough time managing the day-to-day needs of the business while simultaneously doing their part to manage the warehouse consolidation according to plan.

### Some Relationship History

A Private Equity client came to us with their immediate plans to acquire this dinnerware & hospitality products firm, close an older warehouse, and set up a more efficient, strategically located distribution center closer to the firm's growing customer base. We had worked together on several other operational and organizational improvement projects over the years; so, they were familiar with our analytical, collaborative approach. The PE team told us they appreciated the fact that our subject matter experts (SMEs) are seasoned veterans, in both consulting and within industry, providing tangible experience & expertise in every engagement. Also, they were looking for us to help Management to meet the "Go Live" deadline while building up lasting internal capabilities.



### Warehousing

#### Case Synopsis

- Efficient, precise, well-managed closure of older warehouse and set-up of state-of-the-art distribution center (DC) for an acquired dinnerware & hospitality products firm

#### Client Profile

- \$350+ million portfolio firm
- Private Equity ownership

#### Engagement Results

- 700 truckloads of inventory managed and moved to new distribution center
- Project managed all aspects of the move including crewing needs, procurement actions, new building set-up, inventory movement, and risk mitigation actions
- 20-week engagement

#### Operational Benefits

- Improved picking & shipping process
- Optimized inventory management
- Developed more efficient warehouse layout
- Implemented 6S program with visual cues and error-proofing
- Streamlined procurement processes

#### Organizational Benefits

- Closed one older warehouse, relocated all inventory, and met "Go Live" shipping deadline
- Designated SKUs moved from 4 warehouse locations and consolidated into 1 state-of-the-art location
- Migrated data to new ERP system
- Shared project management, procurement, and warehouse best practices with internal team
- Developed more efficient inventory flow with less safety risks, inventory count errors, and damaged SKUs

#### Financial Benefits

- Reduced warehouse operating costs
- Reduced shipping delays
- Lower inventory holding costs



## Working with Management, Employees, and Private Equity Partners

The Private Equity team had two Operating Partners assigned to this particular portfolio firm and introduced us to the Management Team. After several working sessions and schedule reviews to understand where the firm was stuck and the level of support they needed from Catalyft, we developed an initial project approach with a highly-detailed Key Event Schedule (KES), incorporated more in-house SMEs into the consolidation project, and secured workstream leaders.

The workstreams included:

- Executive Management Steering and Oversight
- Warehouse Operations
- Distribution Center Operations (2 locations)
- Information Technology Transition
- Human Resources
- Customer Service
- Demand Planning
- Finance

With the KES, Catalyft Project Management coordinated all the very specific tasks across the workstreams as everyone worked to meet the "Go Live" date on time and on budget. The project plan very specifically incorporated daily tasks and timelines for the team; it also helped align key contributors to the success of the project outside the firm (such as technology partners, equipment vendors, transportation & shipping partners, and permitting governing bodies).

### Areas of Focus During Consolidation

Working with PE Operating Partners, Firm Management, Workstream Leaders, and a team of SMEs across 20 weeks, several key process and systems components were developed and implemented:

**1 | Project Management Office (PMO)**—Created a highly-detailed Key Event Schedule (KES) to manage all the moving parts, looming deadlines, and coordinated actions across eight workstreams and five locations. Weekly progress reviews were timely, disciplined, and very active—driven by Management, Project Leaders, PE Operating Partners, and Catalyft SMEs. Provided triple constraint visibility (time, cost, scope) of warehouse consolidation moves. Developed risk mitigation and risk removal actions across the collaboration. Deployed change management tools and multi-channel communication to update team members and the organization at large—getting the right people involved with next steps, barrier removal, and course corrections.

**2 | Risk Assessment**—Based on the KES, the team flagged several risks and put a mitigation plan together in case some of the outlined risks came to pass. Several specific concerns included adding 7,000 to 8,000 SKUs to the new ERP system, continued transportation & loading capacity constraints, the ongoing ability to transfer and hire new people, supply chain risks regarding the mass of new purchase orders for the new distribution center, added strain on the firm's Accounts Payable team, long lead times of racking & capital equipment suppliers for the new distribution center, ramp-up times for new hires with new processes, and, most importantly, service levels for customers. Schedules and risks were reviewed every week by the project team (Firm Management, Workstream Leads, PE Operating Partners, and Catalyft SMEs).



Catalyft Team's Collective  
Consumer Products Engagements:

**15+**  
Consumer Products  
Engagements  
(Team Total)

**4**  
Workstreams Per Engagement  
(Historical Average)

**6**  
Number of Months For Most  
Consumer Products  
Engagements

**\$90 Million**  
Consumer Products Clients'  
Revenue Size  
(Historical Average)

**4.5 to 1**  
Consumer Products  
Return On  
Investment



**3 | Transportation Actions**—Modeled the least disruptive, most cost-effective way to move inventory from the closed warehouse to the new distribution center location. Worked with procurement and railroad provider to negotiate rates. Rerouted containers coming to closing location and sent them to new locales. Created a shuttle process to feed all on-going distribution centers more efficiently.

**4 | Customer Actions**—Contacted customers letting them know about shipping point changes. Reviewed database to see where customer data should be updated or combined. Created EDI mapping and planned EDI "Go Live" dates by customer. Reviewed all open orders to see what could be moved to the new distribution center. Ensured all SKU pricing was updated and moved over to the new ERP system. Checked the accuracy of payment terms, credit limits, and discount terms. Updated all the customer shipping label formats. Conducted readiness assessments for all customers prior to their "Go Live" dates.

**5 | Staffing and Crewing Balancing**—Advised Human Resource on closing announcement and employee transference opportunities to the new distribution center. Managed staff working ten hour shifts, six days a week removing inventory from racks, shrink wrapping and palleting by SKU, and shipping to the new distribution center. Developed a capacity planning model to help make decisions on when temporary help should be allocated to the consolidation work as well.

**6 | New Distribution Center Building Set-Up**—Developed order of operations and managed building plan including building inspections and new occupancy permitting. Reviewed and helped to approve facility layout drawings. Set up new location as a UPS pick up site. Designed office layout. Managed facility build-out (office areas, locker rooms, additional rest rooms, etc.). Managed safety program implementations such as eye wash stations, fire prevention equipment, first aid kits, and personal protective equipment (PPE) stations. Finalized layout for racking system in the new distribution center (critical path).

**7 | Equipment Allocation**—Worked with the team to order new equipment for the newly-consolidated facility and supplemented missing equipment needs with rental equipment. Managed the ordering of office furniture, breakroom supplies, and locker room needs. Developed a "make vs. buy" model for new distribution center needs to help with current and future decisions. Prepared requests for proposal (RFPs) for warehouse racking, racking layout, and installation. Distributed RFPs to at least four suppliers for a bid.

Worked with Procurement to review and score bids. Ensured the purchase orders were placed to receive racks in ten weeks (critical path). Analyzed and managed a closed circuit television (CCTV) installation plan. Obtained all vendor information, go-forward validated pricing, and confirmed all vendors were in good standing (service levels, financial terms, ongoing support) with the firm.

**8 | SKU Management**—Diverted inbound inventory from the closing warehouse to the new location. Developed data-backed plan to have all inventory put away and documented in time to meet the "Go Live" shipping deadline out of the new distribution center. Migrated data into the new ERP system. Created a process to pick and ship orders while putting all the pallets in new racks. Reduced lead times for customers across the portfolio through lean process re-engineering. Developed stronger process and controls for new product launches with new SKUs. Reviewed inventory turns, identified slow & dead inventory, transferred some to other distribution centers, and liquidated the rest.



## Enablers For Consumer Products

### Team Performance Enablers:

- ⇒ Customer-Oriented Focus
- ⇒ Strong Project Management Office (PMO) and Knowledge Management
- ⇒ Strategic Sourcing Professionalization
- ⇒ Dynamic Portfolio Pricing and "Should Cost" Modeling
- ⇒ Market Intelligence Sharing Across Distribution Channels
- ⇒ Collaborative Employee Communication and Engagement
- ⇒ SKU Rationalization Procedure
- ⇒ Enhanced Sales & Operations Planning Integration
- ⇒ Complex Technology Integrations
- ⇒ Data Analytics and Visualization Timeliness and Usability
- ⇒ Production and Maintenance Excellence and Integration
- ⇒ Pragmatic Training and Onboarding Plans



**9 | Process Optimization**—Developed a picklist system shared across five locations. Developed a 6S program (safety, sort, shine, set in order, standardize, and sustain) to include floor striping for staging locations, material handling lanes, and error-proofing. Designed and implemented signage for safety and process signals in new distribution center to reinforce the 6S program. Created a pick path based on SKU velocity and case weight. The new pick path model had built-in flexibility to incorporate new businesses with future SKUs for the new distribution center. Updated standard operating procedures (SOPs) related to new distribution center processes implemented. Created a safety evaluation process and designated a permanent Safety Committee overseeing all distribution centers, too.

**10 | Technology Optimization**—Helped the IT team to migrate data into the new ERP system. Managed ERP set-up and connections for new distribution center. Developed the tech implementation plan and managed set-up of IT closets, new work stations in Shipping & Receiving, and trouble-shooting of workstation connection problems. Created data flow maps for future improvements in the ERP system. Managed the set-up of custom shipping label printers. Incorporated tech allocation into the onboarding process for new distribution center employees including tech tools, VPN access, email set-ups, etc.

**11 | Training & Employee Development**—Trained task groups on rack disassembly, staging processes, and shipping packages to new distribution center. Developed RACI (responsible, accountable, consulted, informed) charts for Warehousing, Procurement, and HR Teams. Provided Procurement with buyer training. Sent staff from other distribution centers over to the new one to train the new team. Developed training content and future onboarding requirements for Receiving, Picking & Shipping, and Material Handling positions.

**12 | Sustainability & Knowledge Management Handoff**—Developed "Go Live" monitoring by the project team. Created site handover materials related to new warehouse operations. Updated all project management elements (KES, SOPs, process maps, data hierarchies, layout schematics, risk logs, etc.) and uploaded them on a secured share drive for the team to use beyond the project. Transitioned future project management needs beyond the "Go Live" date to in-house Customer Care team.

## The Results

Collaborating with the PE team and Catalyft, Management and in-house SMEs successfully closed their older, less strategic warehouse, moved over 700 truckloads of inventory to new racks, set up a state-of-the-art distribution center, and met the "Go Live" shipping deadline to customers from their new distribution center.



## CEO TESTIMONIAL

"I highly recommend Catalyft. We've worked with many consultants on small and large projects, and unlike other firms, Catalyft has an incredible level of energy, expertise, and know-how to get to the core issues. They utilized a unique senior team approach which resulted in focused, experienced, and solid advice to accelerate our growth."

Chief Executive Officer  
\*\*\*\* Brands

