Warehouse Management: Key Elements of a Successful WMS
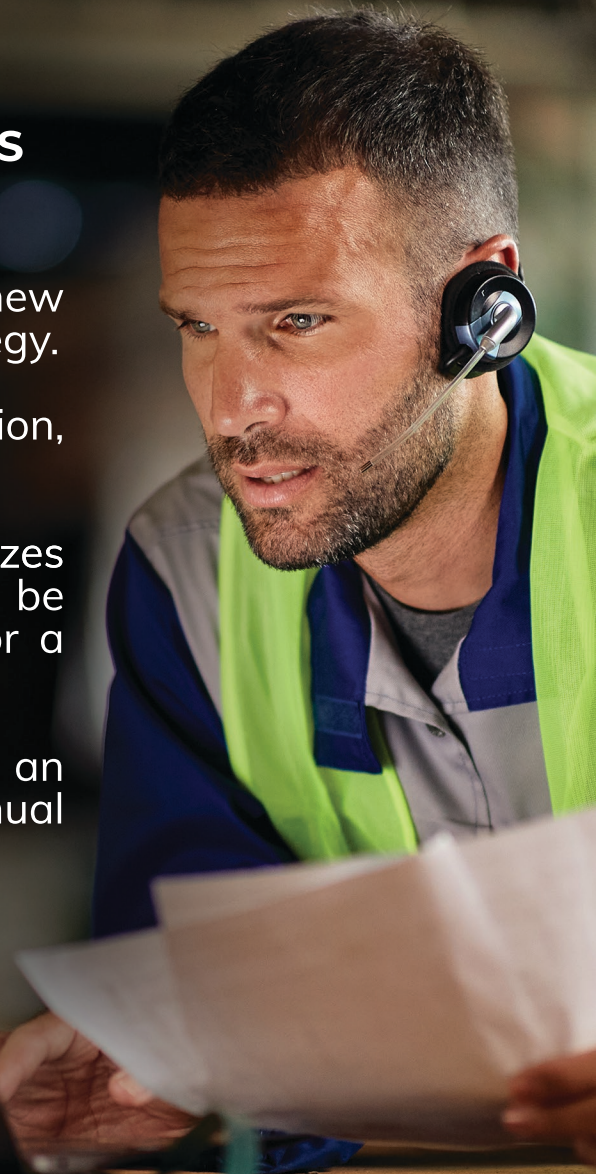
Warehouse Management:
Key Elements of a Successful WMS Selection

- The reasons an organization seeks a new WMS will shape the best selection strategy.

- They will determine the selection's duration, team composition, focus, and effort.

- If you have dozens of DCs with varying sizes and functions, your WMS selection will be different from a single site selection for a small operation.

- This is not the same as replacing an out-of-date WMS solution for a manual process.

Any organization considering purchasing a new WMS must have a clearly defined selection strategy that includes the following elements:

Justification
- A new WMS should make a solid business case.
- Some cost and benefit details may not be fully defined until the selection is made.
- An assessment of the WMS (we should put a link to ours here) should be performed first if there is any doubt about replacing the legacy system supporting warehouse operations.
- A proper assessment will determine the need for a new WMS and establish a business case.

Team
- The WMS selection team is generally shaped by the distribution operations' size and complexity.
- It needs a project champion with the organizational clout to get the final approvals. It requires a project manager to oversee administrative tasks and deliverables.
- A core team of operations and IT stakeholders and subject matter experts (SMEs).
- All selection activities should be guided, reviewed, and approved by core team members.
- A full-time business analyst or comparable resource may be required to compile and document key deliverables like requirements, RFPs, vendor demonstration scenarios, and reference call summaries.
- Consider hiring a skilled consultant to handle the details who can also provide expert knowledge of the WMS market, vendor capabilities, and best practices for defining requirements.

Key Requirements
- Comparing solutions from vendors that support the same operational complexity is especially important.
- Focus on critical requirements that are significant pain points or differentiators for your distribution operations.
- These key requirements should be based on operational and IT input and include both future and current needs.
- This should be a short list as it will be used for vendor demos.
- This does not negate the need for more detail.
- A list of retail compliance requirements is relevant if you are a wholesaler shipping to retailers.
- Asking for input on generalized requirements via a check list is rarely useful.

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Understanding of the WMS Marketplace

- The project team should understand the WMS industry and how their operations fit into it.
- The ability to support complex operations is an important factor in WMS selection.
- Operators need to be able to handle a variety of tasks such as dock management, labor management, and slotting optimization.
- A solution that can support a complex operation is required.
- Lesser or more complex solutions have severe consequences.
  Budget overruns, poor operational performance, and inability to efficiently scale for future growth are examples.
- The goal is not to fully comprehend the WMS market and its nuances, as there is industry analysis available.
  Knowing where your company fits in this market view will help you narrow down the list of vendors to consider.

RFP Document

- Corporate content and structure policies must be accommodated.
- As a rule, the RFP should be short and sweet, focusing on key points to evaluate each vendor.
- No need to publish a long list of questions that will only elicit vague or incomplete answers.
- During vendor demonstrations and follow-up sessions, organizations should ask for relevant functional and technical collateral.
- Request and review sample contracts, service agreements, and other legal documents to ensure compliance with corporate policies.
- The RFP must include a high-level description of operations, as well as background parameters such as users, order volume, and required external system integrations.
- This should include current and future state over a planning horizon (e.g., five years).
- Combined with the key requirements list, this description should help the vendor estimate the professional services and application extensions and modifications required to implement the system.

Vendor Shortlist

- Sending WMS RFP to dozens of vendors is no longer necessary if you understand the WMS market and have prepared your key requirements and RFP accordingly.
- To gauge their willingness to bid, the vendor pool should be pre-qualified.
- A participation in a selection process by WMS vendors is not a given.
- Participation costs money, which vendors weigh against their chances of winning and the time they have to devote to the effort.

Demos and Vendor Interaction

- As soon as the RFP is issued, give vendors a tour of your DC, this can be virtual or physical.
  - In large, complex operations, a single on-site presentation may take a day or more.
  - Virtual demonstrations break content down into manageable chunks and reduce the inevitable scheduling and logistics challenges.
- The selection process should allow direct vendor interaction to get the most complete response.
- Make vendor demonstrations a priority but not the only factor.
- Use published scenarios that address the key requirements.
  - Publish a schedule with time allocated for each scenario.
  - Each scenario should have enough time for questions and answers, as well as detailed discussion.
  - Offer to go over the scenarios with each vendor before the presentation to ensure expectations are met.
  - Appoint a timekeeper for each presentation to keep track of the demo's progress and note any topics that need more explanation.

Reference Calls and Site Visits

- Most WMS selection teams want to call references before making a decision.
- The most likely reference candidates to match your operational profile may be direct competitors who don't want to talk to you. Thus, reference calls should be a secondary consideration.
- Prepare a list of questions to send to each reference before the call.
- Their implementation (planned versus actual schedule and budget) and post-implementation (support performance, upgrades/enhancements) experiences should be on the list.
- Customer site visits for the finalists are possible, but difficult to arrange (especially on a tight schedule).
- It's one thing to take a 30-minute phone call, but another to invite you into their facility.

Evaluation Structure

- As soon as the RFP is issued, organizations must devise a scoring system for vendor responses.
- Be concise and focused, reflecting the team's decision-making process is largely qualitative, extensive scoring mechanisms will not change that.
- Organizations also require a framework for comparing vendor bids.
- Professional services, internal resources, and subscription and license fees should all be included. To compare apples to apples, these will likely need to be normalized.

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Recommendations and Final Report
- The evaluation structure should guide the team's final recommendations.
- The best vendors should be listed first.
- Vendors are frequently dropped from consideration after demos.
- A team workshop where everyone has a say is a great way to achieve alignment.
- Final approval requires a short report or presentation documenting the results.

Negotiation Strategy
- Once a decision is made, contract negotiations can begin.
- It's best to negotiate with two vendors: the preferred and runner-up. If negotiations with the preferred vendor fail, this will provide a backup plan.
- Before starting negotiations, devise a strategy that identifies key points.
- Recognize that getting the best deal won't pay off in the long run.
- The success of your WMS deployment is directly related to your WMS selection. The selection process should go beyond finding the best vendor fit. If done correctly, it can build a relationship with the vendor and lay the groundwork for a successful implementation.

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About Royal 4 Systems, Inc.

– Since 1984 Royal 4 Systems has been providing leading software solutions for the supply chain. With customer and industry direction, Royal engineers have focused on designing the definitive warehouse management solution. Royal 4's staff of professional engineers has spent decades on research and development solving some of the most difficult challenges facing the supply chain industry. They know from years of experience what their client's requirements are and they strive to fulfill their customers' requirements in every aspect of their work. You can find all the available Royal 4 Solutions

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