Fulfillment Audit Checklist

Assess your fulfillment process to reduce man-hours and boost efficiency.

Follow this checklist for:
- A quick reference for how to assess your fulfillment.
- A detailed description of what to access — labor, facilities, workflow and procedures, and software.

How to make an assessment:

1. **Do a walk-through**
   Pay attention to more than just how orders are picked. Note where workers are delayed and bottlenecked. Where are they taking extra steps to get the product and bring it back? Pay attention to lighting, general cleanliness, morale, and pace. Clean, well-lit warehouses are more efficient. And they’re safer. Morale and pace can give you an idea of how your teams are faring.

2. **Gather data**
   Gather order accuracy, customer service complaint, order turnaround, and inventory control reports. Add in any quality assurance reports you’ve commissioned, such as secret shopper reports and customer satisfaction surveys. The data should give you an overall picture of any places your fulfillment is lacking. In step 5, you’ll analyze the data you’ve gathered.

3. **Interview staff**
   Ask your team leaders about their ideas for growth and efficiency. Then talk to the workers on your warehouse floor. They’re the boots on the ground. They see where problems are.

4. **Analyze reports and benchmark**
   It’s time to dive deep into the data you’ve gathered. What conclusions do you find? You’ll also want to use outside benchmarking to see how your company is performing. Compare your stats to companies of similar size, selling similar products.

5. **Make recommendations and take action**
   Document your conclusions and suggested changes. Break changes down into detailed action steps. Sort your changes. Put the ones with the most impact on your business first. And implement improvements slowly. It helps reduce disruption and lets workers get used to changes. Assign someone to be accountable for each step and provide an expected completion date. Then follow up on changes. You’ll want to see what worked and what needs improvement.
What to assess in your labor, facilities, workflow and procedures, and software:

**Labor**

- **Productivity**: Measured in orders per man-hour (or order lines per hour).
- **Turnover rate**: High rates can indicate a lack of training or a company culture problem. Low rates indicate a stable and efficient workforce.

**Facilities**

- **The “Cube” (or how you are using your space)**: Typically storage, picking, and packing areas occupy 70–80% of warehouse space.
- **Costs**: Occupancy costs (lease or depreciation costs of the building and equipment) usually add up to 18–22% of the total fulfillment dollar. The typical cost per order for facilities less than 150,000 sq. ft. is $4.97. For larger facilities, it’s $4.65 per order.

**Workflow and procedures**

- **Flowcharts**: Create two flowcharts. The first should show how products move from receiving and returns through replenishment. The other should show how customer orders move from order through pick ticket generation and shipping. Workflows should be designed to minimize travel time and merchandise movement.
- **Slotting systems**: Slotting is defined as how you arrange products on a shelf or in a warehouse. There are many ways to do slotting. You can put items commonly ordered together next to each other or put fast-moving items nearer to the shipping area. Specialized software can help you optimize your slotting.

  Storage is part of slotting. Make sure you are using the most efficient storage, not just for space, but to optimize picking time. Ideal storage for fast-moving products is very different than for slow-moving items. Pallet racks and shelving are traditional answers to storage. But drawer systems work well for small items. And there are newer gravity-fed pick modules and carousels that save your pickers time. They’re ideal if you’re using first in, first out inventory rules.

- **Packaging materials**: Keep enough materials on hand in the shipping area. This includes boxes, tape, markers, and cushioning.

**Software**

Your warehouse management software (WMS) should have the following functions:

- **Inventory**: Track product by SKU, quantity, location, and transactions against the location.
- **Bar coding**: Bar coding will help you track productivity in two areas — four-walls inventory tracking (receiving, stock putaway, pick, pack, and ship) and productivity by individual, activity, and/or department.
- **Replenishment**: Your WMS should control bulk-to-forward movement of goods through the use of minimum and maximum inventory triggers. It should also monitor demand quantity in waves of pick tickets to make sure sufficient quantities are in the forward pick location.
- **Pick ticket selection**: The WMS should enable you to print and sort pick tickets in a variety of ways, depending on order priorities and resource availability.
- **Pack verification**: You should be able to scan items to check accuracy before shipping.
- **Tracking**: Your WMS should track orders throughout the fulfillment process and integrate order status to your customer service department.
- **Returns**: Your WMS should have an easy way to process returns.