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# Driving Efficiency with Real-time DC Performance Metrics

## Critical KPIs for Navigating Today's Warehousing Challenges

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By Activ Technologies · June 2, 2022

How do logistics operations managers respond to today's rising customer service expectations, constant disruptions, and increasing cost pressures? Ongoing labor shortages are driving the need to be more productive, making the ability to measure warehouse efficiency more critical than ever before. As a result, general managers, distribution center operators, supply chain managers and warehouse managers all desperately need real-time views of DC performance or fulfillment center metrics.

### Visibility of DC Performance: Too Little, Too Late

Warehouse and logistics operations managers have more data available than ever before. So why can't they leverage all this information? Unfortunately, this vital data is scattered across multiple spreadsheets and trapped in warehouse management systems (WMS), labor management systems (LMS), order management systems, and ERP systems. The vast majority of these enterprise applications were not designed to support decisions broader than their specific focus area. And that means these enterprise applications fail in two areas – integration and visibility. At best, logistics and DC managers only get fragmented views, requiring manually matching reports produced by different systems at different times. And it's usually delivered too late to impact daily decision-making and operations.

### The lack of real-time visibility to DC performance and operations causes daily inefficiencies including:

- Recurring inventory accuracy issues  
Excessive stock handling (touches) and relocation
- Frequent overtime required
- Difficulty balancing labor across department
- Shipping delays, errors, and product damage
- Excessive vendor chargebacks and customer complaints
- Inability to see profile mix changes across inbound and outbound volumes
- Lack of visibility to plan accurately for workforce requirements
- Insufficient information to meet performance requirements or SLAs
- No real-time visibility to order changes causing wasted labor and expense

There is an easy remedy that helps meet service level agreements (SLAs) while controlling costs and eliminating inefficiencies — real-time DC performance metrics.



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## What Does a Real-time View of DC Performance Metrics Look Like?

In a recent study, the [Warehousing Education and Research Council \(WERC\)](#) groups key operational metrics around five areas: customer, financial, capacity/quality, employee, and perfect order index metrics. Each of these areas includes detailed metrics ranging from on-time shipments, order cycle times, order fill rates, costs per unit shipped, inventory accuracy, and overtime – with over 36 key operational metrics in total.

To operate efficiently, warehouse managers need real-time visibility of these DC performance metrics. That means automatically pulling data from WMS, LMS, order management, and ERP systems – then providing that information in a consolidated dashboard. Alerts and notifications of changes in metrics beyond pre-defined ranges are also highly beneficial.

Managers can use their dashboard to select relevant metrics and drill down for details to see trends related to volume, labor, and cost by area. And, at the end of each day, the metrics are updated automatically with the day's performance, week, month, and quarter to date, to provide reports to the extended leadership and operations team.

With real-time access to these operational metrics and ongoing alerts, warehouse managers, regional directors, and general managers alike have the information needed to make more informed decisions. .

## Visibility of Real-Time DC Performance Metrics Delivers Immediate Value

Gaining the ability to measure warehouse efficiency in real-time, operations teams and leadership alike are constantly alerted about issues and empowered to focus on solving problems in areas with the biggest impact—enabling continuous improvement within each facility.

That huge value provided by real-time DC performance metrics allows management by exception without having to constantly monitor the dashboard. Operators receive alerts and notifications when the KPIs are outside the business rules and tolerances. Then management has all the facts needed to address issues immediately to mitigate potential cost increases and service failures.

### For instance, warehouse managers can:

- Gain real-time views and alerts regarding expiring SLAs for store, B2B, and B2C channels, and have a much higher probability of meeting those service levels.
- View labor, cost, and volume in real-time to improve short interval scheduling and daily performance.
- Track internal DC cycle times from receiving to shipping to uncover bottlenecks and opportunities for improvement.

For example, an Activ Technologies' customer recently began using a Fulfillment Center Dashboard based on ActiVate® to track inbound and outbound orders, center productivity, labor, and shipping. As a cloud-based solution, ActiVate is an economical and easily installed platform that quickly helps drive profitability and performance. Budget-friendly, the subscription-based platform connects and integrates disparate data to provide a single point of view presented in easy-to-manage dashboards.

ActiVate provides real-time visibility of DC performance, via a cloud-based dashboard that constantly monitors changes and delivers actionable insights. By alerting operators to potential issues, the response speed is dramatically increased, and SLAs are met. Do you need to boost operational productivity in your warehouse? Use this [DC Performance/Operations Checklist](#) to identify gaps and areas of opportunity.

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