Turn Your Warehouse Into a 'Green House'

MIKAEL TRAPPER, Managing Partner, Bridgenet Solutions, Inc.

There are two high-impact things you can do both make your warehouses and distribution centers (DCs) greener and streamline your company's supply chain at the same time. The first and easiest thing you can do is begin using environmentally-friendly packaging materials and reusing old packaging materials. Using green packaging materials certainly isn't a new idea, but if you aren't familiar with how to go about acquiring them, it can be difficult to know where to look for the best options. Below are three of the most cost-effective and efficient ways to go about obtaining greener packaging materials.

1. By using the promise of your continued business and/or leveraging the amount of packaging you expect to purchase over a period of time, you can request discounted green packaging materials directly from your carrier, whether it's UPS, FedEx, or a smaller, local carrier, or by negotiating discounts direct from green suppliers. If you ship enough packages to make your business of significant value to them, some carriers will even provide green packaging materials to you at no additional cost.
2. By dedicating a small area of your warehouse to storing reusable materials and repairing them on site rather than having them hauled away by an outside company for refurbishing, or worse, simply thrown out, you can cut down on both waste and costs.
3. Packaging materials that are not reusable, because of their appearance or because they are beyond repair, can be shredded and turned into something called dunnage -- filler that can be used to stuff boxes containing

breakable materials or items that don't fill up the entire box. Warehouse space is usually limited, but the space required to create and store dunnage does not need to be large.

If yours is a company that's not overly concerned with the appearance of its packaging materials, and if it's something that your customers, vendors, and partners might actually appreciate, you may decide that instead of turning them all into dunnage, it would be worth your while to reuse even those boxes that look bad, but still function or are repairable. You may even be able to turn your "ugly" boxes into marketing tools by adding a sentence or two to your packaging labels such as: "Please excuse the look of our boxes. All of our boxes have been recycled from scraps on our warehouse floor to support our efforts to be kind to the environment." Customers, vendors, and partners are people too, and not without the ability to appreciate and be influenced by your attempts to be environmentally responsible.

Warehouse/DC Consolidation

The second high-impact thing you can do to turn your warehouses into "green" houses is move or consolidate them. Your shipping data will be key as you go about determining why it does or doesn't make sense to have a certain warehouse in a certain geographical location, and also, whether a warehouse or DC should be closed down and its shipments handled at a location that would allow for more actual shipment consolidation, less frequent runs, and shorter transit times.

In order to obtain your shipping data, you will need to ask your carriers to send you an account number annual summary by service report, and also, three months of your most recent line item detail. If your company is unable to receive and manage large amounts of shipping data, or unable to dedicate its resources to analyzing the data and using it to uncover cost-cutting green solutions, you may consider seeking out a third party data analytics and supply chain solutions provider to handle your data for you. For mid-size to large companies, this is standard practice. Along with cost of shipments, other factors, such as rent, utilities, salaries, and other operational costs associated with running a warehouse or DC, will need to be considered or analyzed. It is extremely important to determine all positive and negative costs prior to implementing a relocation or consolidation plan.

Once you find two or three reputable supply chain solutions providers, in addition to issuing requests for proposals, ask them to present you with case studies that show what they have been able to achieve for other clients. A lot of companies will tell you that they are capable of doing this and that for you; case studies will present you with proof of their capabilities and give you more insight into possible outcomes.

Clearly, moving or consolidating warehouses and DCs takes considerable effort, but the savings you can achieve by reconfiguring their locations can also be considerable. Just by showing your carriers that you are making efforts to keep their trucks from spending less time on the road, you may be able to negotiate caps on the fuel-related charges that appear on your invoices, or even negotiate better overall shipping rates. With experts predicting that fuel costs will remain high in the

U.S. through at least 2015, positioning yourself to negotiate fuel-related discounts and better shipping rates now would most certainly be to your benefit.

In addition to achieving better shipping rates and fuel-related incentives, moving or consolidating your warehouses according to the results of shipping data analyses could allow you to perform more drop shipping. If the stock kept at your west coast location differs from stock kept at your east coast location, for example, you could use a drop ship approach to keep the cost of each shipment low. Instead of shipping and paying for 100 single packages from California to New Jersey, New York, and Pennsylvania, you could pay one price to truck the packages to New Jersey with a New Jersey label and have them delivered to their final destination via a parcel carrier at a lower per piece cost.

Although most operational changes cost money upfront, any changes that are carefully researched prior to implementation should start to save your company money within the first two years after roll out. Depending on extent of the changes, your annual supply chain savings could increase by a few percent or by as much as 30 percent. Use your shipping data. If you analyze it properly, you can make cost-saving operational changes that will serve your company -- and the environment -- for years to come.

Mikael Trapper, Managing Partner, BridgeNet Solutions, has worked in the logistics industry since she graduated from Fordham University with a degree in Economics and English. Mikael joined the BridgeNet team in 2008, and now manages Xonar, BridgeNet's propriety visibility dashboard. She currently serves on the board of the Midwest Chapter of Women in Logistics and Delivery Services Council.

Source URL (retrieved on *09/02/2014 - 11:49am*):
http://www.chem.info/blogs/2011/05/turn-your-warehouse-green-house?qt-most_popular=1