



BEST PRACTICES

A Collection of Best Practices for:

Distribution

Includes Detailed Best Practices for:

- Channel Design & Management
- Fleet Management
- Logistics Health & Safety
- Order Picking & Shipment
- Third Party Logistics Management



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Order Picking & Shipment

Distribution

Channel Design & Management

Fleet Management

Logistics Health & Safety

Order Picking & Shipment

Third Party Logistics Management

— — — *The Order Picking and Shipment function is responsible for compiling and packaging customer orders and ensuring that products/goods are adequately stored and protected during distribution, or shipment. They fulfill orders as requested by the Order Management group and prepare them to be distributed to the appropriate location at the right time.*

Order Picking & Shipment

Distribution Best Practices

Best Practice A

Standardize Product Packaging to Improve Packaging Quality and Reduce Design Cycle Times

Standardize packaging for all products based on weight and physical dimensions to reduce the overall amount of time spent designing packages. Ensure that standardization information is housed in a database easily accessible to both designers and front-line packaging agents (typically through an Intranet-based resource), and that all suggestions for standards provided by such employees are addressed as soon as possible. Define levels of damaging risk for product materials and create packaging guidelines accordingly.

Typical Practice (the Status Quo): Create product packaging on an ad hoc basis relative to the goals of packaging each individual product (e.g., durability for certain products and accessibility for other products) offered by the company. This, in essence, increases the quality of packaging by making each design specific to each product, and ensures that each product is appropriately safeguarded.

Benefits of this Best Practice: Standardizing the packaging for all of the company's products reduces the overall amount of time employees spend designing packages and their specifications. By placing all relevant standardization information (includes levels of damage risk for product materials, packaging guidelines, etc.) within an easily accessible database (typically through an Intranet-based resource), package designers and front-line packaging employees are not only able to stay in compliance with those standardizations, but they also become better able to identify quality control issues more efficiently. Furthermore, such an easily accessible database allows package designers and front-line packaging employees to submit suggestions for standards which both fosters cooperation between employee groups and increases employee morale.

 **Related KPIs:** Unit Cost: Product Packaging, Cycle Time: Packaging, Cycle Time: Product Packaging Design Approval

Order Picking & Shipment

Distribution Best Practices

Best Practice B

Allow Customers to Track Their Order Shipment Progress in Real Time to Improve Customer Experience

Provide customers the ability to track information concerning their order's shipment progress in real-time (typically found within the customer's account) in order to both foster customer goodwill and satisfaction and help the organization meet its business objectives. Ensure that customers are informed (presented information typically includes when customers should expect to receive the product, the time the product leaves the warehouse, etc.) at every stage of advancement in the shipment process from the time when the order is received until when the product is received by the customer.

Typical Practice (the Status Quo): Provide customers with information concerning when they should expect to receive the products they ordered immediately after the order is placed. Keep further contacts to a minimum to reduce customer frustration due to extensive contacts and an overload of irrelevant information. Provide customers satisfaction surveys after the promised delivery date to ensure they received the product in good order and on-time.

Benefits of this Best Practice: Providing customers the ability to track information concerning their order's shipment progress in real-time (typically located within the customer's account) not only keeps customers up-to-date on the progress of their order (thus dispelling any uncertainty they may have over whether they will receive the product on-time), but it also creates a customer-focused culture within the order management process. Supplementing such a tracking ability with periodic contacts concerning every stage of advancement in the shipment process of a customer's order, presented information typically includes the time the product leaves the warehouse, the time the product is received by the customer, and the time the product is received by the customer.

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