

Whitepaper  
**Warehouse automation:  
Who are the stakeholders  
you should include  
in your plans?**

**JUNGHEINRICH**



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# Warehouse automation: Who are the stakeholders you should include in your plans?

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It goes without saying that you will not be automating your warehouse on your own. Several parties are involved in the successful implementation of a warehouse automation project, including the executive management and management levels as well as employees of your own company. However, automation also affects other parties outside your company: the external participants. This article will help you to determine whom you should contact, and why you will need their help.

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First and foremost, you will need information from the various stakeholders involved to help shape your plans. Moreover, they can give you support and share their commitment in order to lay a broader foundation within the company for your ideas or plans. As soon as the automation project begins, all participants must work closely together. Optimum preparation will be of great use to you in implementing the project.

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The best way to reach out to other participants varies from company to company. You can present your ideas on automation in a formal meeting, but you can also discuss them individually with those involved.

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# Executive management.

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## **What will you need from the executive management?**

You need the approval of your executive managers in order to further develop your automation plans for the warehouse. Executive managers will check to see whether your ideas work well with the corporate strategy for the coming years. Does the strategy aim to keep operating costs as low as possible with regards to logistics processes? Or are speed and adherence to delivery dates more important? If your aims for automation of warehouses go hand in hand with the corporate strategy, ask for support in developing your ideas or plans. The executive management will make the ultimate decision regarding investment plans for automation.

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## **What role does the Director of Finance play?**

The Director of Finance plays a crucial role. An important issue is the assumed payback period. A high-bay warehouse for the automatic storage of pallets costs a lot of money, then again the warehouse will function without any problems for ten, fifteen or twenty years. The investment is paid off during that period, but not within the three years that your director of finance may be expecting. First, try to find out what economic ratios they are working with and how much financial leeway there is for this kind of capital expenditure, before consolidating your plan. If their answers do not correspond with your ideas, consider this when discussing the matter with other stakeholders and come back later with new plans or arguments.

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## **How can you get what you need?**

In order to get support from your executive management, including the Director of Finance, it is necessary to 'sell' your ideas or plans to them. You must prove that automation fits with the corporate strategy and explain which short-term and long-term advantages it will bring. You will not need to present any detailed costs plans for an initial agreement. If your plan proceeds to the next level, submit an initial investment plan. This will (roughly) substantiate in numbers what automating the warehouse will cost and what it will bring. Show what effect current operations have on costs and how these figures will develop if nothing is changed. Emphasise which costs can be saved through warehouse automation. Supplement this with other advantages, such as cutting down running times and avoiding picking errors. Try to translate these benefits into Euros. Show how much a picking error really costs. Calculate the growing turnover as a result of faster delivery times. With substantiated information, you can convince your executive managers and subsequently gain more financial leeway.



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# Production, purchasing and inventory management.

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## What roles do production, purchasing and inventory management play?

The managers of these departments are responsible for the incoming material flow in your warehouse. The future material flow significantly influences the choice of warehouse automation solutions. Whether you receive large quantities at once or smaller quantities distributed throughout the day ultimately has a major influence on the layout of the system.

If you can avoid shortages from these departments in the flow of logistics through warehouse automation, these managers will become your most important backers. They will also, without a doubt, be ready to adapt their own processes if this makes automation more realistic.

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## What will you need from production, purchasing and inventory management?

These departments will provide you with information and co-operation. The most important questions for them are: How will their expectations regarding material flow develop? Would they rather see warehouse inventories rise or fall? You can advise the production and purchasing managers about opportunities for optimising the incoming flow of material. Can the delivery of goods be stretched over a certain period, so that peaks in the incoming material flow are evened out? If so, the warehouse may need less capacity. Can the goods be delivered on uniform, stable pallets? This will make automation a little easier.

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### **How can you get what you need?**

Explain what you have in mind and show examples of the kind of influence warehouse automation has on production processes and inventory management. If the automatic warehouse reaches a situation where the flow of pallets from the production hall can no longer be processed, this can cause production to come to a standstill. A worst-case scenario for production managers. Good co-operation in choosing the best possible automation solution for the future is in the interests of all parties.

### **And what role do suppliers play?**

Does the warehouse receive direct deliveries from suppliers? Then they also need to be considered. Discuss with your suppliers – together with purchasing – which requirements the incoming flow of material must meet. For example, for an automatic pallet warehouse, it is important that the pallets are of good quality, that they are stacked safely and that the goods do not protrude from the pallets. A loose board, an unstable box or a fluttering piece of film can lead to disruptions in the system.

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# Sales and marketing.

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## What role do sales and marketing play?

Talk to the sales and marketing manager(s) before devising your plan. They rely on the internal logistics process in order to implement their business goals. Automation often leads to a better service. It can also lead to increased turnover and a better connection with customers or promotional advantages. Thus, their aims coincide with yours, and they can help you later in persuading the executive management.

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## What do you need from sales and marketing?

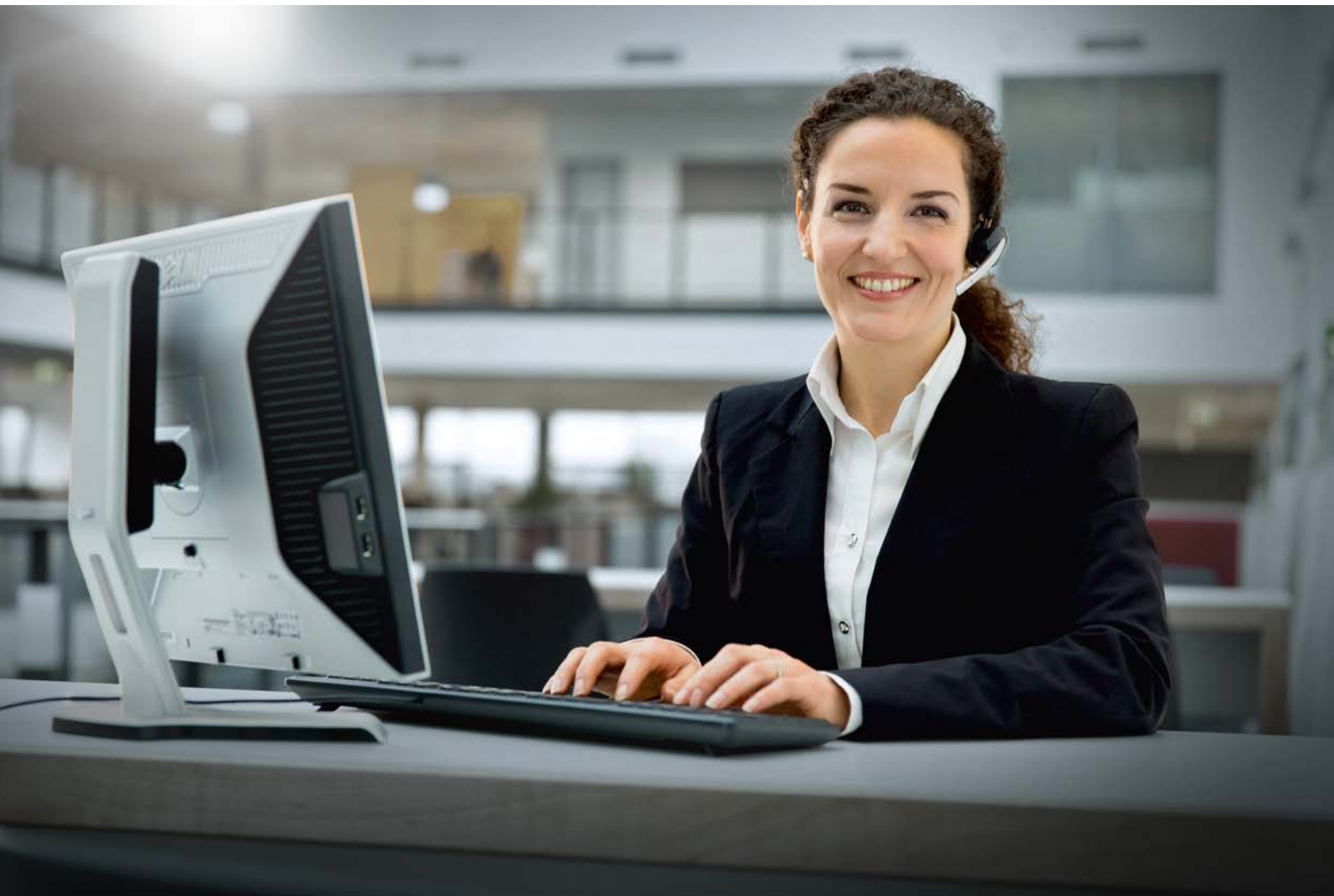
Sales and marketing can supply you with information about the market developments they expect. These help to determine the business strategy and departmental goals. How will turnover develop? What happens with the competition? How are customer demands changing? For example, will they increasingly order online? If this leads to more orders with fewer order lines, it can influence the decision concerning automation.

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## How can you get what you need?

Get sales and marketing on board as backers for your plans by explaining to them how warehouse automation contributes to implementing the business strategy. Name the actual advantages you are aiming at; e.g. a rise in the quality of services, more reliable deliveries, shorter processing times, fewer picking errors, fewer complaints etc. Ask for their support in dealing with the executive management and seek their co-operation. If you can convince the sales and marketing managers, you will certainly receive useful information from them and can co-ordinate your goals together.

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# Your staff.

## What do you expect from your staff?

You will need the support and trust of your staff in order for a warehouse automation project to run smoothly. They will certainly understand that operations in the warehouse will change and subsequently, so will their job roles. Prevent any anxiety in regards to this.

## This is how you can get what you need:

If you want your staff to be on board with your vision, you must express yourself clearly. Your statements must sound enthusiastic and engaging. Emphasise the use cases and advantages for the entire company as well as the opportunities for your department. Inform your staff regularly and answer all questions honestly and openly. Even if you (still) do not know the exact answers yourself. Involve your staff in the process as early as possible. The production floor is often a place where good ideas emerge, and you can integrate these into your plan. By taking their ideas seriously, you will increase acceptance.

## Who can help you with this?

Get your staff from the HR department involved in good time. Warehouse automation also means staff changes, and amongst other things, it requires knowledge of change management. This knowledge often comes into play in the HR department and moreover, they know how external expertise can be brought in.

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# External stakeholder.

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## Which external partners will you need?

If there is a consensus for your plan, look for partners who can help with implementing the automation project. Ask yourself if you, together with your team, possess enough knowledge and capacity to create a design and choose the ideal solution from different systems. If that is not the case, you can charge a consultant with selecting a supplier. They can analyse your data and create an initial project based on this.

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If automation requires an extension or a new building altogether, you will need to involve further parties: architects for the design, the local community for construction permission, the construction company for construction and possibly the fire brigade for fire safety. Involve these parties in the process in a timely manner. Applying for construction permission can often require a long period of time. Do not make the mistake of letting architects design a building before starting to think about the set-up.

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## For what should you prepare?

Choosing systems and suppliers can be complex. You will have to deal with the fact that on paper, suppliers offer different solutions. Choose a financially stable supplier, as you will be entering into a long-term work relationship. How do you choose the right supplier? One clever way of doing this is to ask the supplier for a design for your warehouse. They ultimately have the right expertise and often know more about possible systems than consultancy firms. Consider going into business with a supplier who provides a planning order on the basis of a transparent calculation. And ask for their references.

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## How should you organise communication with external parties?

Be particularly aware when choosing a design with a warehouse and picking system from different parties. In the best-case scenario, a single party – the main contractor or system integrator – will take responsibility for the entire project. This will help you to avoid discussions with suppliers who shift responsibility to each other when problems occur. Consider that you may carry out such a project only once in your career. This is a part of the core business for integrators and consultancy firms, and they can help you to make your project succeed.





## **Would you like to know more about warehouse automation? Then get in touch with us.**

As a general contractor, we will take you step by step to a flexible and efficient automation solution. We can offer you over 60 years' intralogistics experience, characterised by consultancy and manufacturing skills compiled into one package. Our experts always plan intralogistics from goods in to goods out, including all process steps and interfaces. From the beginning of the project onwards, you will have a personal contact partner on board, who co-ordinates all parties involved and always has an overview of the project at any time. With Jungheinrich, you have a 100 % reliable partner at your side.

**ISO 9001** The German production facilities  
**ISO 14001** in Norderstedt, Moosburg  
and Landsberg are certified.



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