

Dysfunctional Warehouse Case

You have recently been assigned to a project that is focused on improving warehouse operations. The project sponsor, North America's General Manager, has told you that this is her top priority. She pointed out that customer service has taken so many orders for product that isn't available that they have had \$20MM in orders cancelled by the customer when they found out that delivery would be late. The plants are unhappy because their master production schedule is interrupted about 20 times a week with rush orders. The carriers are raising rates because it takes so long to load their trucks as the warehouse tries to locate the needed product. Having the wrong inventory also costs the business as the product's shelf life means it has to be sold at a loss if more than 6 months old and scrapped if older than 9 months.

Customer orders are taken by a customer service representative using a new order system, he then checks for the availability of inventory using a separate old inventory system and places a reservation against that inventory. Customer service has no interest in changing out their new system and has told the project so. The shipping team at the warehouse prints the pick list and shipping papers from their inventory system. Warehouse personnel also record inventory as it arrives from the manufacturing sites. After orders are picked and the prepared for shipment, they are loaded onto the carriers trucks for delivery to the customer which the shipping personnel confirm in their inventory system so that the CSR's can check if needed.

When there is a pending order and no inventory, the customer service team calls the plant and asks them to make a rush order. Rush orders are delivered to the warehouse and often loaded directly onto the carrier's trucks. Paperwork is often created manually to ensure prompt delivery.

Additional Information Gathered from Initial Interviews:

- Company Name is "Sealant and Adhesives Inc.", founded in 1972
- A US based company, rapidly expanding into the global market
- Privately owned company, current annual sales of 700MM, with 6.5MM in profits
- Overall Inventory Record Accuracy is around 80%.
- Primary clients are large home improvement chains and local hardware stores
- The CEO has told the GM that she has 6 months to finish this project and get her house in order. The CEO is looking for continued improvement for another 6 months before deciding the GM's fate
- The General Manager has made this a top priority and assures all available resources under her responsibility will be made available to support this project
- At this time the hurricane season is in full force and the order volume is a peak
- While the project is a top priority, operation cannot be impeded by any of the recommend solutions.

Assignment:

Write a scope document to share with your project sponsor to ensure that you have understood the assignment correctly. Please write the following parts of that document:

- The problem statement
- Up to five SMART Objectives
- Risks (project and business)
- A list of all relevant assumptions and constraints.

You may use the Project Scope Template located on the Blog site.