

## **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.

Your first step is to 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:

1. The problem statement
2. Five SMART objectives
3. A list of all relevant assumptions and constraints.