

Air Freight Optimization for an Indian Pharmaceutical major

About the company

The client is a global pharmaceutical client with substantial presence in Asia, Europe and North America. The central distribution center caters to domestic and international demand for drugs along domestic requirements of trade promotion material for augmenting sales. The space constraints cropping up in the distribution center were affecting the warehouse operations adversely.

Business Objectives

Improve space utilization of an existing distribution center and increase longevity of the facility

Business Situation

- The current warehouse space was separated in various silos domestic drugs, export drugs and trade promotion, leading to high under-utilization
- Organic growth of warehouse infrastructure had resulted in various bottlenecks – in space, material flow and process
- Non-streamlined processes were leading to high process times and high truck turn around times

The solution

- A categorization framework for all SKUs was put in place to classify SKUs based on their storage needs (cold storage, narcotic control), statutory requirements (domestic, exports, promotion material), volume throughput, frequency of dispatch etc.
- Storage options with varying degrees of mechanization and automation like carousels, shuttle storage, pallet flow racks, mobile racking were evaluated that provided improved utilization of space and ease of operations for both fast moving and slow moving SKUs
- Picking Strategy and picking technologies including pick-by-light were assessed to de-bottleneck constraints
- Process enhancements were recommended for productivity improvement
- KPI Dashboard was setup for monitoring efficiency of warehouse processes and productivity of resources

Business Benefits

- Implementation of best practices improved the resource utilization and reduced the TAT
- Re-engineering of the layout resulted in an extension of warehouse life by 4 years
- Picking technology upgradation resulted in improved productivity and reduced manpower