

MULTI CHANNEL MERCHANT

OPERATIONS SPECIAL REPORT

TOP 10 TAKEAWAYS ON PEAK HOLIDAY SEASON PREPARATION

If you take a walk outside this afternoon, chances are it's a mild day where you are, and maybe the sun is shining. Blink your eyes, though, and the thermostat will be falling and the peak holiday season will be upon us.

Depending on your business and product focus, the annual mad dash from Thanksgiving to Christmas can make up a third or more of your yearly sales. So how well you execute in that brief period is crucial to your success, and there's no such thing as being over-prepared.

To address this need, Multichannel Merchant recently hosted its first-ever virtual event, **Peak Season Summit 2017: Optimizing Black Friday through Cyber Monday and Beyond**. Operations professionals from Godiva Chocolatier, Shopko and The Golf Warehouse shared their years of experience and best practices for successful peak season operations.

The event's sessions covered everything from ways to optimize your warehouse space, to hiring, training and deploying seasonal associates, to working with vendors and carriers, to the post-peak to-do list (performance analysis and returns).

In case you missed MCM's virtual event – or even if you did join us but would like a quick refresher – here are our top 10 takeaway tips from the experts for peak season planning:

Tip #1: Always be looking for process changes: Look for ways to update existing processes by bringing together stakeholder groups in order to gain efficiency. The Golf Warehouse was able to eliminate 3,000 intermediate pick locations in this way, said Dana Thomas, the company's director of operations. The company found that certain ship-alone or bulky items could go directly from



reserve to packing. This freed up space for other goods storage and led to efficiency gains in its operations.

Tip #2: Calculating your labor needs: After determining the number of orders per day by channel during peak, you can begin to identify staffing requirements. First calculate the maximum throughput per employee per hour in order to determine total daily throughput by channel. After that, you can begin to build required staffing levels based on anticipated orders per fulfillment channel. Using sales forecast by day and average order value, you can calculate order count by channel, to get to total orders per day by channel (Corey Lenz, former ecommerce inventory and fulfillment manager, Shopko.)

Tip #3: There's no substitute for being there: Even if you've outsourced your fulfillment to a third-party provider, you need to spend a good deal of time onsite at their facility during peak to monitor performance, volume and overall operations. Laura Casciano, operations manager at Godiva Chocolatier, said she "camps out" at Radial's facility during much of December to keep tabs on things. "You see things that don't show up on paper," she said. "It's an invaluable learning experience, seeing what customers are really ordering, how associates are packing, etc. I take notes on improvements we can make in the future."

Tip #4: In post mortem, accentuate the positive: By the end of January, The Golf Warehouse has had enough time to analyze returns, and peak is still "fresh enough in our minds" to conduct a post mortem, Thomas says. The company brings together operations, customer service, IT, merchandising and marketing teams to drill down into the results. "We itemize and identify what went well so we can capitalize on it," Thomas said. "We start with successes and recognize them, instead of dwelling on the negative at first. What didn't go well we use as a reference to make sure our communications and process are more efficient." The need for more cross-training was



surfaced in the group's 2017 post mortem and is being implemented for this peak season.

Tip #5: Know their strengths but meantime, cross train:

Corey Lenz said all of Shopko's ecommerce operations associates need to understand every process in the DC. "We identify the skills each one has," he said. "One might be a better picker than a packer. But until you know that, have everyone cross-trained to make your process as productive as possible. If I run a schedule with only strong pickers, it forces me to understand how to get the weak packers prepped for handling outbound. Cross-training on every step of the process has been a huge win for us, allowing us to reallocate labor not only from shift to shift but from role to role, making it as efficient as it can be."

Tip #6: Make sure carriers are scanning on time:

Laura Casciano of Godiva said it's "not a good experience" to visit your carrier's site and see "(parcel shipment) data not transmitted." "Customers now have order tracking on their phones and want to know where their package is all the time," she said. "We've had instances where the customer's email said 'the order has shipped,' but the carrier's origin scan didn't happen until the next day. We called out to Radial and UPS and they made changes on the origin scan."

Tip #7: Look for efficiencies in your layout: The Golf Warehouse has two DCs side-by-side at its location. The older facility has active pick sites at the ground level, with reserves above it, while the newer DC has its active sites and reserve locations on different sides of the building. "Even though it though sounds counter-intuitive, the newer site is more efficient because our lift equipment isn't in the way of pickers, so it improves our safety and efficiency," Dana Thomas said. "Also we were able to build a nice clean pick path, while in the other building it became crazy, long and totally inefficient when we expanded."

Tip #8: Learn continually and adjust on the fly:

While Shopko relies heavily on its post-peak assessment to fine-tune its processes the company's operations leadership doesn't wait until January to conduct perfor-



mance assessments and reviews. "Our peak season spike begins at Black Friday and runs strong through the third week of December," said Corey Lenz. "But even after the first day, we're already looking to see what happened, where we had successes and failures. We're not just thinking about next year but about what we can improve during the remainder of our peak season."

Tip #9: Communicate volume shifts immediately:

As it goes through the peak season, Godiva Chocolatier may add promotions to boost sales, which requires lots of coordination and communication both upstream and downstream on volume impact. "If they're going to put out a super value promo, merchandising and marketing needs to let me know immediately, so I can let the DC know about any unplanned volume – that is really important," Casciano said. This goes for its shipping partners as well, she added. "We realize freight is expensive, so we're giving (the carriers) fair numbers (on volume commitments), and we release any excess capacity in a timely manner so they're not stuck."

Tip #10: Find the right balance in training temps:

Make sure you provide enough time to train new associates in order to have them working at top efficiency when peak rolls around, said Corey Lenz of Shopko. You also need to find the right cadence of training: "If you train them too early, you spend too much money, but if you train them too late they won't be ready for peak," Lenz said. "You need to find a balance of what makes sense based on the work you're doing. It's also important to train a leader on each shift. They're responsible for instructing staff, monitoring staff, dealing with issues and reporting status updates to the next shift leader."