



ELIMINATING COST IN YOUR
WAREHOUSE **THROUGH AUTOMATION**

THE FUTURE OF **WAREHOUSE SOLUTIONS**



ELIMINATING COST IN YOUR WAREHOUSE THROUGH **AUTOMATION**

Warehouse Managers are under increasing pressure to manage costs in the warehouse whilst ensuring orders are picked, wagons are loaded, stock levels maintained and all other KPIs are met to ensure that the company never lets down a client.

Add in to the mix, the new world we are now living in after COVID-19, which has re-emphasised some of the pivotal factors in warehouse management and the costs associated with managing periods of growth and uncertainty – especially with limited resources.

The issue of social distancing also creates a whole new layer of complication in warehouses and may make things particularly difficult for businesses to ensure optimum output and service levels are maintained.

Picking demands are becoming evermore demanding and more logistics professionals are now turning to the solutions offered by automation.

Automation can present enormous opportunities, not only to save on the day to day operational costs, but also transform some of the hidden inefficiencies that bring their own indirect costs, which can often prove to be substantial, especially when viewed over the course of a year.



- > LABOUR COSTS
- > EQUIPMENT COSTS
- > ENERGY COSTS
- > OVERHEADS
- > OPERATIONAL EFFICIENCIES

> LABOUR COSTS

If you look at any business, the direct labour costs will inevitably form the largest proportion of the operating costs, especially when you factor in:

- pension contributions
- national insurance contributions
- holidays
- sick pay
- absenteeism

With warehouses reporting a relatively high turnover rate in staff, we must also take into consideration costs such as:

- recruitment costs
- induction costs
- training costs
- uniforms and PPE equipment

For an accurate analysis you need to take into account the true costs of labour in the warehouse, such as:

- Management
- HR

Safe to say that the ability to reduce the labour in the warehouse and redeploy them to other areas of the business, without impacting on warehouse productivity, would prove to be extremely attractive to many warehouse managers.

Automated pallet storage systems, such as Thistle Systems' **AUTOCUBE™** can dramatically reduce the labour requirement to operate a busy warehouse. [Click here to find out more](#)



> LABOUR COSTS

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> EQUIPMENT COSTS

Forklifts continue to be a mainstay in virtually every (non-automated) warehouse in the world and the costs associated can often amount to a significant annual bill, especially when multiplied by the total number of forklifts in the warehouse or site.

The obvious costs associated with forklifts is the cost of the equipment itself. Most companies choose to lease their forklifts which enables them to avoid the upfront cost, the monthly cost has to be taken into consideration, and if it's not built into the leasing cost, any maintenance, repairs and servicing requirements they may have.

In addition, the forklift will inevitably require fuel to power the machine and, where electric-powered forklifts are used, any downtime incurred to re-charge the forklift may need to be taken into consideration, in terms of lost productivity.

Manually operated forklift trucks, by their very nature, can cause damage and therefore costs to both the racking structures and indeed the stock being stored due to accidental incidents caused by employees.

In systems, such as drive in racking, where there is greater contact with the forklift and the racking, the frequency of these incidents and therefore the costs are likely to increase.

Reducing the number of forklifts and indeed the specification of the forklift will have a major impact on costs.

Automation can dramatically reduce the number of forklifts required in the warehouse, with a goods to man approach. The automation of the movement of pallets also prevents accidental damage to both goods and the racking delivering even further potential savings.



> LABOUR COSTS

> **EQUIPMENT COSTS**

> ENERGY COSTS

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> ENERGY COSTS

In addition to the cost of fuels associated with the forklift trucks, the energy costs associated with heating, lighting and water usage of the warehouse can prove to be a major expense for many warehouses, especially given the rising energy prices.

Whilst some warehouses have tried to incorporate renewable energy to offset some of the costs, these remain a significant monthly expense.

Automated warehouse solutions, such as Thistle Systems' **AUTOCUBE™** creates high density storage structures which can operate in the dark & dramatically reduces the need for heating and lighting in these areas.



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> OVERHEADS

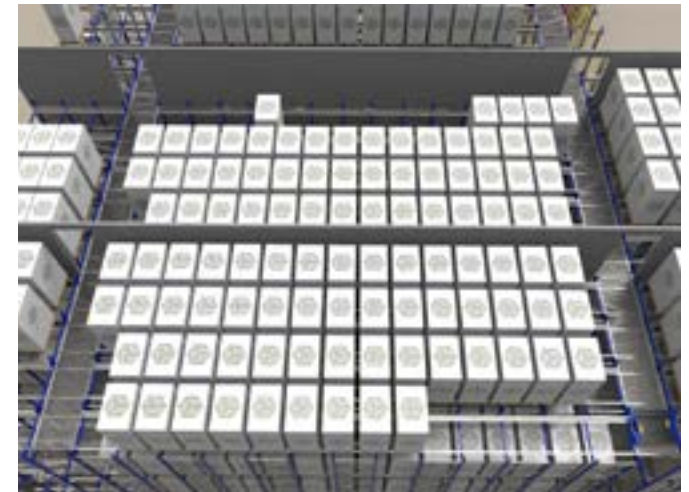
Whilst automation can do very little to impact on the rent and rates of a warehouse, its ability to increase the space utilisation and store more pallet positions in the same space, may enable some firms to reconsider their warehouse footprint requirements, for example getting more in less space.

We call this Max The Cube.

Introducing automation, companies may be able to consider:

- reducing the number of warehouses needed
- avoiding having to move to bigger premises
- avoiding having to extend their existing warehouse
- avoiding having to build additional warehouses.

[Click here](#) to find out how **AUTOCUBE™** could improve your space utilisation, enabling you to store more capacity in less space.



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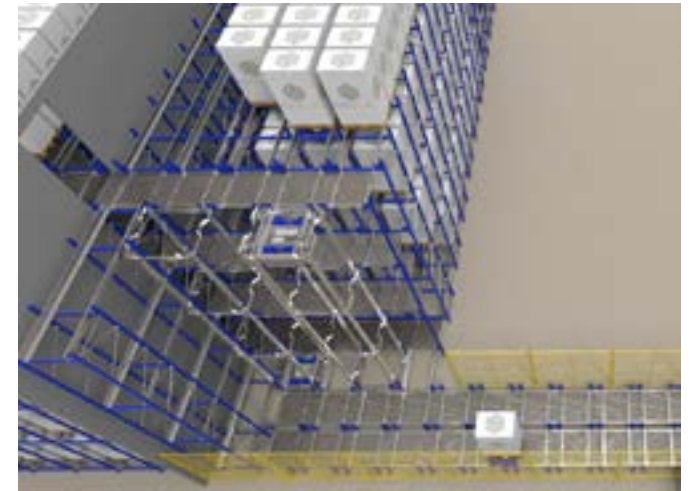
One of the major hidden costs in any business, and especially warehouses, is the inherent operational inefficiencies which seem to grow over time.

Some of the main inefficiencies in warehouse include:

- Double/Treble Handling of stock
- Travel Times of forklifts loading and unloading stock
- Pick Rates of operators
- Pick errors caused by operators and the time required to correct
- Wagon standing time and the direct costs involved
- Manual stock taking

With the goods to man approach delivered by **AUTOCUBE™**, warehouses can dramatically reduce these inefficiencies, eliminate pick errors and increase pick rates in a controlled and predictable manner – whatever the demands placed on the system

[Click here](#) to find out more about Thistle Systems' **AUTOCUBE™**.



- > LABOUR COSTS
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- > **OPERATIONAL EFFICIENCIES**

> CONCLUSIONS

Like everything, any benefits and cost savings need to be weighed against the upfront capital expenditure to ensure there is a timely and attractive return on Investment.

Thankfully with Thistle Systems' Evolutionary Pathway to Automation, there may be an easier way to break the glass ceiling and move into the world of automation.

[Click here](#) to find out more about Thistle Systems' **AUTOCUBE™** or contact us now to discuss your project and to see how Evolutionary Pathway to Automation may help you to transform your warehouse.



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