



Warehouse

Organizational ideas



8 Must Follow Tips and Warehouse Organization Ideas to increase Efficiency

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Introduction

Warehouse Organization is as interesting as talking about Dalgona Coffee these days. Both are trending in their own ways! The analogy is, as relevant as the coffee powder is for Dalgona Coffee or, as a matter of fact, any coffee. Similarly, Warehouse Organization

is important for a good and efficient warehouse management. I hope you get the similarity; if not, I can always share with you the recipe of Dalgona Coffee. Just kidding, let's just focus on Warehouse Organization and tips to make it efficient.

Let's make this more interesting. I will share a story, rather, an incident of two friends, Joseph (popularly known as Jo) and Michael (Mike), who are having clothing and accessories businesses. Jo and Mike have been friends for a long time, and both ventured into the clothing business together. But, down the line, Jo received more success and love compared to Mike. Being the good friends they are, Jo offered his help and started looking into Mike's store and warehouse activities. There were a few interesting things Jo observed and eventually shared with Mike. Let's hear what Jo has to say, and maybe it can help us too in our warehouse problems!

Jo pointed out that Mike has severe warehouse management issues, and they need to be sorted out. But, to begin with, he had to make sure Mike understands the need and importance of WAREHOUSE ORGANIZATION IDEAS. So, he started with the basics.

What does 'Warehouse Organization' mean?

An organized warehouse means a neat, clean, uncluttered working environment. A place where all the inventories are neatly arranged and kept in their proper locations, thus, readily available. A floor where movement is easily possible, less time-consuming and space to maneuver yourself. Jo went on to explain that an organized warehouse should be treated no less than your upfront store. It should be cared for and nurtured in the same way.



Why is it important to keep an organized warehouse?

‘Organized’ is a frame of mind. Everyone likes a safe and clean environment rather than a cluttered and disorganized environment.

Further, Jo explained to Mike, saying, let’s assume you want to have lunch. You enter a restaurant, and you inspect the kitchen. You see food spilled all over a place, with a filthy smell. There is no room to place utensils, and serving plates are cluttered. You find a table and while grabbing a seat, you see, the table isn’t even clean. Would you like to eat there? On the other side of the road, there is another restaurant that is welcoming - a piece of pleasant music with enough room to walk and breathe. The kitchen is clean, delighting aroma, and the floor is sparkling white. The chef is organized in his work, and the serving table is clean and neat. Where would you eat? Well, I, for one, would love to go to an organized restaurant. They know what they are doing!

Furthermore, he said,

“Just because a warehouse is the backend operation, that doesn't mean it should not be organized. It is a part of your business; it needs the same affection and attention as your upfront store.”

Also, as said by A.A. Milne

“Organizing is what you do before you do something, so that when you do it, it is not all mixed up.”

What are the best warehouse organization ideas?

After this long discussion, Mike understood the depth and importance of an organized warehouse. Simultaneously, he realized that it was wrong for him not to take care of his warehouse. It is a sign of irresponsibility and lacks efficiency. But, what he did not know is where to start? He really needed some great tips to manage his warehouse efficiently. This made Jo think of the most efficient over-the-head [warehouse organization ideas](#). Here is what Jo suggested to him; also, he tried to make it as fun as possible.

1. Divide and Conquer

Jo told this to Mike if you ever want to succeed in organizing your warehouse. You need to learn to divide your inventory into respective categories and store them in separate racks. And give each bin a unique bin number. For e.g.: You have clothing inventories consisting of Blue Round-neck T-shirts, Red V-shape T-shirts, and Denim jeans. Separate all of them and keep the same units under separate bins or racks. So, instead of a pile of clothes, you now have,

20 pieces of Blue Round-neck T-shirts placed in **Bin No. B_R_T_1**

25 pieces of Red V-shape T-shirts placed in **Bin No. R_V_T_2**

10 pieces of Denim jeans placed in **Bin No. D_M_3**

Here, I have bifurcated them according to **Color, Shape, and Type**.



In this way, the inventory should be separated and kept in their respective racks or bins.

2. Look after your Bins or Racks

Isn't it true that every year, we clean our house? Every year, we organize our cupboards and drawers, clean them out, remove the unrelated items from them and again re-organize them. Then why shouldn't we do the same for our warehouses? Even they are our storage units. Every once in a while, you need to clean your racks, make sure all unrelated items are removed and kept back to their original places. Also, by doing this exercise, you can know for sure, how many products are left in each rack, and use this information for re-ordering. We can also become creative and work on warehouse organization ideas for a lively and upbeat environment.



3. Do the ABC Analysis for Inventory

Jo is very good at explaining with examples, so he talks about the ABC analysis with an example. He takes Mike to a nearby dairy parlor and explains it to him with their products. Jo asked Mike, 'What are the three most selling products in a dairy store.' Mike immediately replies with Milk, Curd, and Butter. Mike did not realize he had answered ABC analysis at that moment.

Jo further explained that Milk is the hottest selling product. Thus, it brings in 80% revenue for the store. That is why it is classified as 'A' category. Curd is sold less compared to Milk; thus, it will be under the 'B' category, and the least selling item will be classified under the 'C' category.

This way, ABC analysis is based on the [Pareto principle](#) stating 80% of the sales are brought in by 20% of their products. This way, the inventory should be arranged in such a way:

‘A’ Category: This consists of the most profitable products, further bringing in 80% sales brought in by 20% products. In this example, it can be said that for Milk.

‘B’ Category: The second most crucial product after the ‘A’ category. Allot 30% inventory for this category, as this brings in nearly 15% movement. In this example, it is Curd.

‘C’ Category: Least important category as this brings in only 5% movement or 50% of the stock. In this example, it is Butter.

An Example of ABC Analysis Distribution

Total Products	Percentage of Items	Percentage of Total Value
A	20%	80%
B	30%	15%
C	50%	5%
Total	100%	100%

Source: Institute of Management Services, Investopedia

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4. Give ‘Names’ to your Products

In other words, ensure product labeling. This, I believe, is one of the most efficient warehouse organization ideas. We can learn something from our home’s kitchen. After

everything is neatly arranged in the pantry, all they do is label them. So, you can easily distinguish between **baking soda and salt**.! Well, labeling makes identification easier. So, never forget to name your products.



This helps in increasing efficiency, communication, and work process within the warehouse. Labeling also eases the identification of inventory. So, you know exactly what you need and where you can find it. So label everything in your warehouse - racks, bins, shelves, picking unit, safety signs, and capacity height. To be precise, label everything.!

5. Maintain your Warehouse like your 'Home'

Do we ever keep our house dirty? The bedsheets are always neatly arranged, the kitchen is always cleaned after work, and the main entrance, well, that is always spik and span. You do know why, right? No one wants to sit in an untidy living space. Or eat in an

unhygienic area. Then why can't we think the same for our warehouse? Let us understand,

‘Warehouse is not just a storage unit where inventory is kept, but it is a place where your INVESTMENT in the form of inventory is stored.’

So, it needs to be treated with respect and cleanliness. Also, while performing maintenance activities, make sure you keep your entrance clear and unclustered. This will prevent any mishap, and the received goods can be easily maneuvered in the warehouse. As said by Lee House,

“Allocating an hour or two per week, or even per month, to cleaning the warehouse can lead to amazing improvement in your efficiency. You never know what missing or misplaced orders you might find. [In addition] a clean warehouse means employees can move around more quickly and get things done easier. It's just common sense.”

6. Make space for Safety Stock

Jo just received a call from his warehouse team. They informed him about a product which is out of stock. Jo immediately told them to check the [safety stock](#); there must be few pieces kept for emergencies. Mike was surprised as he was not aware of the importance of safety stock! Jo further explained that it is crucial to keep a separate bin for safety stock. Make sure that most selling products have safety stock. This reduces the likelihood of inventory shortage and an unpredicted spike in sales. Hey, this is the most interesting of all the warehouse organization ideas!



7. Regularly train your warehouse employees

It is essential for your employees to know the culture and objectives of your organization. This way, they will show more dedication and work towards the same goal. Also, they need to learn the working process of the warehouse and follow the same to increase efficiency. So, train your employees regularly and teach them how to manage inventory, cleanliness of aisles, maintenance activities, and warehouse organization. As stated by Newcastle Systems,

“There are two solutions required to keep a warehouse organized. The first is to do regular training with your warehouse staff on the importance of keeping the warehouse organized, and using the tools in place to keep the inventory system up to date. Keeping the warehouse organized becomes part of the corporate culture when it is the subject of mandatory training sessions.”



8. Use a suitable Warehouse Management System

Jo explained this to Mike that many organizations believe that investing in a warehouse management system is profitable. There are many hidden benefits of a warehouse management system. He further explained that a suitable [warehouse management system](#) collects all the data of the warehouse, stores reports, helps in predicting future sales and requirements, classifies inventory accurately, and tracks the inventory movements. This way, you are always accountable for your products. I have to say; I find this to be the most important of all the warehouse organization ideas!

The screenshot shows the Orderhive Products interface. At the top, there is a search bar and navigation icons. Below that, a 'Folder List' sidebar on the left shows 'All (9)'. The main area displays a table of products with the following data:

<input type="checkbox"/>	Name	SKU	Barcode	Available	On Hand	Outgoing
<input type="checkbox"/>	Ink half sleeve t-shirt	INK123		42	47	5
<input type="checkbox"/>	Crocs Unisex Clogs (Demo)-Black-L	DEMOPERS005-Black-L		110	110	0
<input type="checkbox"/>	Crocs Unisex Clogs (Demo)-Black-M	DEMOPERS005-Black-M		110	115	5
<input type="checkbox"/>	Crocs Unisex Clogs (Demo)-Black-S	DEMOPERS005-Black-S		110	110	0
<input type="checkbox"/>	Crocs Unisex Clogs (Demo)-Red-L	DEMOPERS005-Red-L		110	110	0
<input type="checkbox"/>	Crocs Unisex Clogs (Demo)-Red-M	DEMOPERS005-Red-M		110	110	0
<input type="checkbox"/>	Crocs Unisex Clogs (Demo)-Red-S	DEMOPERS005-Red-S		110	110	0
<input type="checkbox"/>	Unisex Navy Echo Plus Backpack (Demo)	DEMOACE5007		210	215	5

At the bottom of the interface, there are buttons for '+ New Product', 'Stock Count', 'Import', and 'Custom Fields', along with a chat icon.

As said by [Kevin DeLine](#), senior solutions specialist in Netsuite’s Supply Chain Center of Excellence,

“It’s important to configure your WMS system for your business. In some cases, you may need to modify your WMS system to fit the business and, in other cases, you may need to alter business operations to take advantage of WMS system capabilities.” He further added, **“For instance, if your warehouse history tells you that a blue medium-sized tee-shirt is the most popular item. You can place the tee-shirts in an easy-to-access location of the warehouse to facilitate rapid picking by using affinity analysis.”**

What are the different Types of Warehouse Racking

After having a detailed understanding of warehouse organization ideas, Jo decided to take a break. Mike and Jo went to the warehouse and had a good cup of coffee, well, let’s just say, Dalgona Coffee. Well, while taking things lightly, Jo popped a question, ‘Do you know there are various types of warehouse racking?’ Mike obviously got surprised and wanted to know more. To be honest, the break ended there itself. Jo thought it is better to explain through videos as there are mainly 4 types of warehouse racking:

1. Drive-In (and Drive-Thru)

Key Pointers:

- Best for same the type of products (For eg.: Thermocol Sheets, Kitchen Rolls)
- Works on First-In and First-Out method
- Huge access for storage
- Not applicable to different types of products (Various appliances, accessories)

To know better, check out this video!

<https://www.youtube.com/watch?v=Zh5mNA3wpoA>

2. Flow-Thru

Key Pointers:

- Works on First In First Out (FIFO) method
- Best applicable to products with expiry dates and different sizes
- The racks are slightly inclined to goods to flow through easily
- Once the product is unloaded, the product behind it automatically comes forward

To know better, check out this video!

<https://www.youtube.com/watch?v=Q8SK4CPWORA>

3. Push Back

Key Pointers:

- Works on Last In First Out (LIFO)Method
- Best use for non-expiry products or non-degradable products
- Wheels are on the racks, and they are gently pushed to the other side of the rack
- Access to multiple SKUs at the same time

To know better, check out this video!

https://www.youtube.com/watch?v=M9hlQ_2PdHQ

4. Cantilever

Key Pointers:

- It is our traditional Racking method with racks and columns
- It is generally a front-loading racking system
- Best used for placing long products such as Pipes, construction pipes.
- There is no particular FIFO or LIFO method followed.

To know better, check out this video!

<https://www.youtube.com/watch?v=lQbCM6YW5HQ>

Benefits of an Organized Warehouse

1. Increase in Order Accuracy and Productivity

With all the products neatly organized and kept on their respective shelves, it is bound to increase accuracy. It becomes easier and simpler to locate the product bin or rack. Also, with the increase in accuracy, productivity as well as jumps. This happens due to proper labeling and designated drawers or racks.



2. Optimum Utilization of Storage Space

Once all the mess and clutter are resolved, and once all the unrelated items are sorted out. And, not to forget, the inventory is neatly sorted and kept in their bins, there will be immense space. Thus, an organized warehouse helps in optimizing the storage space.



3. Know your Inventory Better

Once the warehouse is organized correctly, you can easily view and track the remaining inventory in each rack. This way, you can re-order or track the sales as well. It becomes simpler to understand the number of products that you have and need to order further.

Stock Count Form

Warehouse Name : Orderhive

Name :

Signature :

Name	SKU	Barcode	Available	OnHand	Outgoing	Incoming	Counted	Difference	Remark
Crocs Unisex Clogs (Demo)-Red-S	DEMOPERS005-Red-S		110	110	0	1			
Crocs Unisex Clogs (Demo)-Red-L	DEMOPERS005-Red-L		110	110	0	1			
Crocs Unisex Clogs (Demo)-Red-M	DEMOPERS005-Red-M		110	110	0	1			
Ink half sleeve t-shirt	INK123		42	47	5	0			
Unisex Navy Echo Plus Backpack (Demo)	DEMOACES007		210	215	5	0			
Crocs Unisex Clogs (Demo)-Black-M	DEMOPERS005-Black-M		110	115	5	1			
Crocs Unisex Clogs (Demo)-Black-S	DEMOPERS005-Black-S		110	110	0	2			
Crocs Unisex Clogs (Demo)-Black-L	DEMOPERS005-Black-L		110	110	0	1			

4. Happier Warehouse Employees

Well, who doesn't like to work in a neat and clean environment? Your employees will have a better reason to work dedicatedly, and therefore, efficiency increases. Also, this way, they can focus on safety and maintenance activities with better efficiency.



Final Thoughts

Jo and Mike have given an entire day towards warehouse organization ideas and its benefits. It is safe to say that Mike really understood the importance of an organized warehouse. He was highly impressed by the helpful warehouse organization ideas. But, at the same time, I really hope you understood warehouse organization as well! Also, never forget, a good and reliable [warehouse management system](#) is definitely worth your money. [Orderhive](#) helps in yielding both transparency and benefits in their warehouse management system. Well, now I need to have a coffee, care to join!?

References

[More interesting Warehouse Organization Ideas](#)

[Different Types of Storage Racking](#)

- [Drive-In and Drive Through](#)
- [Flow-Thru](#)
- [Push Back](#)

- Cantilever

Further Benefits of an Organized Warehouse