



**Nakhon Pathom Rajabhat University**

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# Chapter 7

## Warehouse Management

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# Outlines

- Definition of warehouse
  - Definition of warehouse management
  - Roles of warehouse
  - Principles of warehouse management
  - Warehouse structure
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# Outlines (con't)

- Warehouse activities
  - Types of warehouses
  - Warehouse entrepreneur
  - Warehouse location analysis
  - Exercises
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# Definition of warehouse

**Warehouse is** “a dedicated area or space used for the management and storage of goods. These goods could be raw materials, components, or finished products.”





# Definition of warehouse management

**Warehouse management** is “the overall process of overseeing the day-to-day operations of a warehouse.”





# Roles of warehouse

## Provides storage facility

The warehouse provides space for storing surplus goods of businesses. All the goods which are not needed immediately in the market are stored in warehouses till their demand arises.



## **Maintain regular supply**

Warehouses ensure the regular supply of goods in the market without any interruption. It avoids all shortage-like situations and stores a large number of goods safely from the period of production until their consumption.

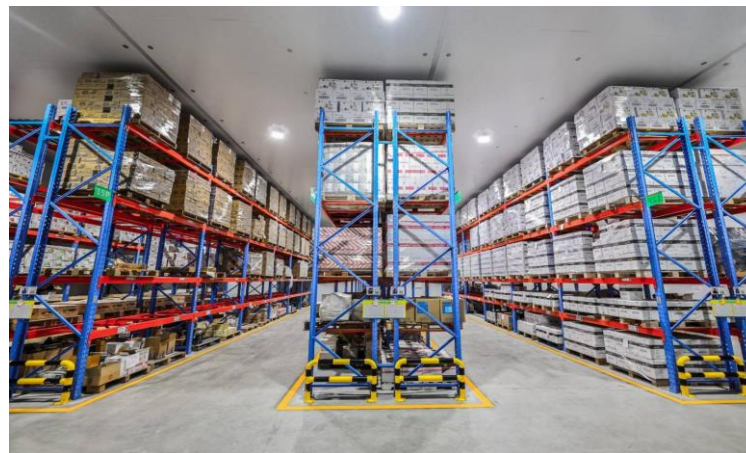






## ✌️ **Creates time utility**

Storing of goods in warehouses helps in the creation of time utility. Warehouses bridge the gap between the production and consumption of products. It plays an important role in always supplying the goods as per the market demands.





## Minimizes risk

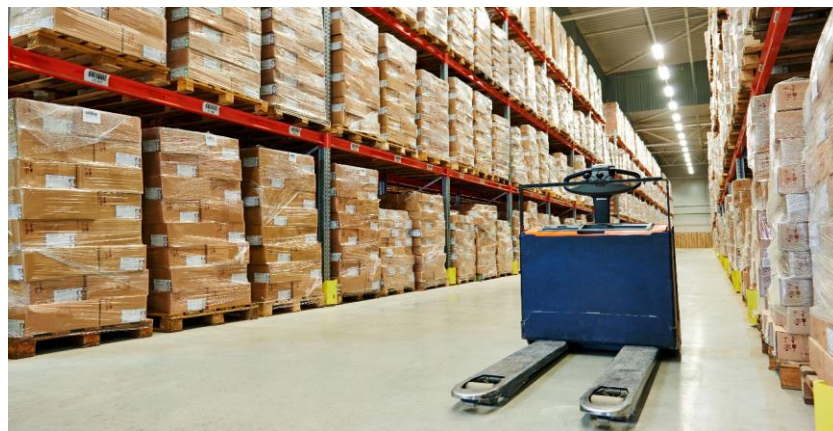
Warehouses minimize the risk involved in the handling of goods. It provides safe custody of goods and saves them from damage, theft, etc. Once the goods are stored in warehouse, it is the responsibility of warehouse owners to properly store all the products.





## ✌ Facilitates movement of Goods

Warehouses have facilitated the easy movement of goods to customers. Most of the warehouses are constructed at convenient points like near roads, railway routes, docks, etc. Goods can be easily transported to their destination points.





# Principles of warehouse management

## **Maintain optimal stock levels**

Keeping excess stock is costly. Not being able to fulfill orders hurts profitability. The accurate and efficient receipt of stock and returns into a facility enhances warehouse and distribution center management and better prepares you for all eventualities.



## Process sales orders quickly

Swiftly and accurately processing sales orders begins in the warehouse when orders are first received and packed in your fulfillment center. Optimized warehouse management further enables fast and accurate sales order processing.





## Organize material handling and storage

Accurately maintaining stock levels and correctly fulfilling orders can only happen when you tightly control both the storage and movement of stock. It's challenging, but the business benefits can be significant, including higher profit margins.



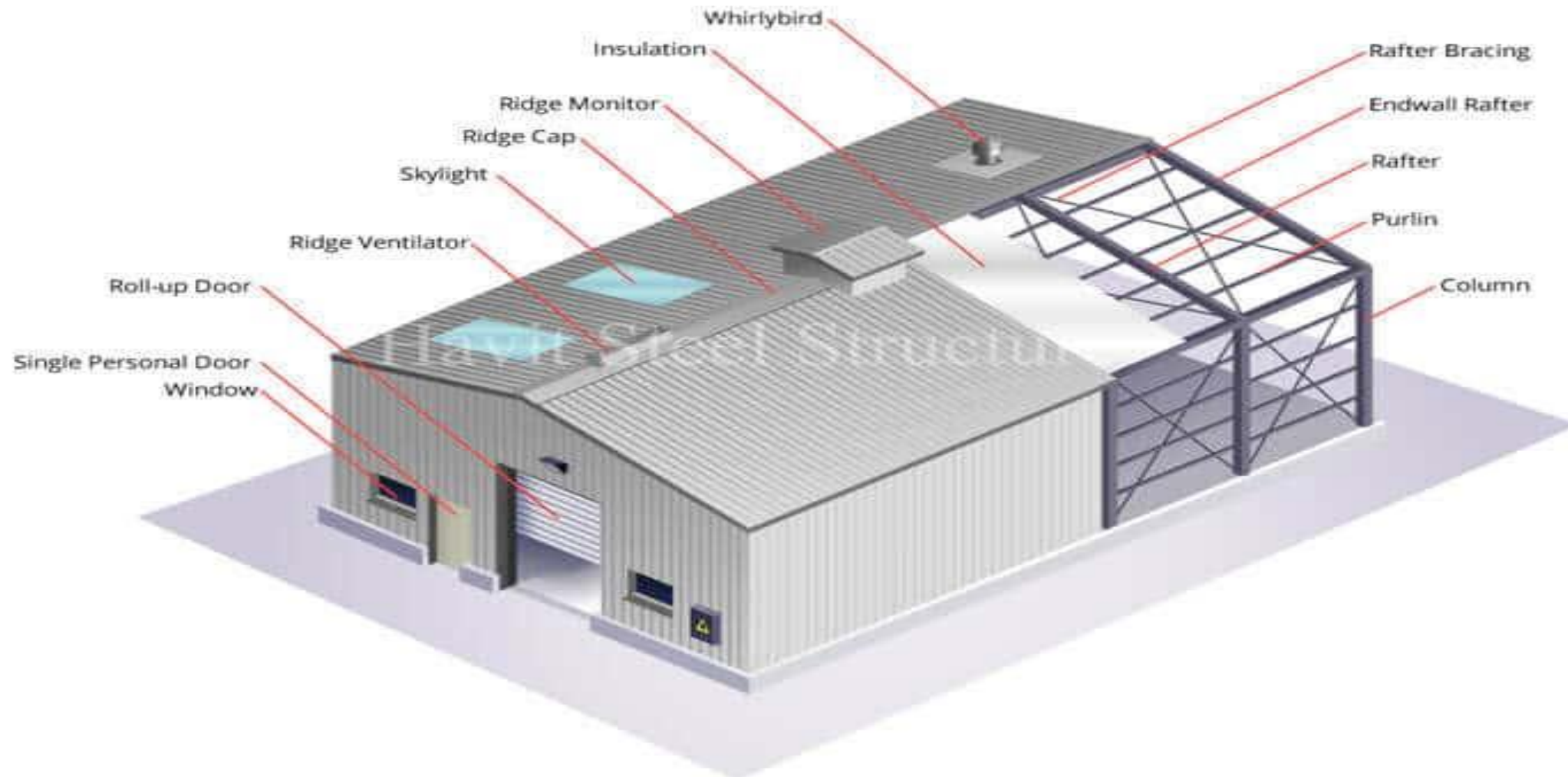


## Process transactions efficiently

All transactions associated with the warehouse have to be processed efficiently for supply chain management activities to work well as a whole.



# Warehouse structure





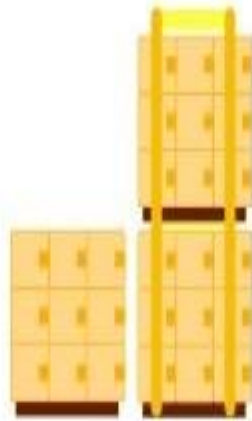
# Warehouse activities



Receiving



Putaway



Storing



Inventory  
control



Picking



Shipping

# Types of warehouse



## **Public warehouse**

A public warehouse is one owned by the government or semi-government bodies. They are lent out to private sector companies to stock up on goods upon paying a certain amount of rent.



## **Private warehouse**

A private warehouse is privately owned by large retail corporations, wholesalers, manufacturers, or distributors. Large online marketplaces also have privately owned warehouses to store merchandise.





## **Bonded warehouse**

A bonded warehouse is mainly owned and run by government or private agencies. This type of storage facility is used to store imported goods before customs duties are levied on them, as the companies storing goods in these warehouses do not pay any duty charges until their items are released.





## **Climate-controlled warehouse**

A climate-controlled warehouse is used to store items that need to be kept at a specific temperature, mostly perishables. This warehouse can range from humidity-controlled environments that can store fresh fruits, flowers, etc., to freezers that store frozen foods.





## **Distribution center**

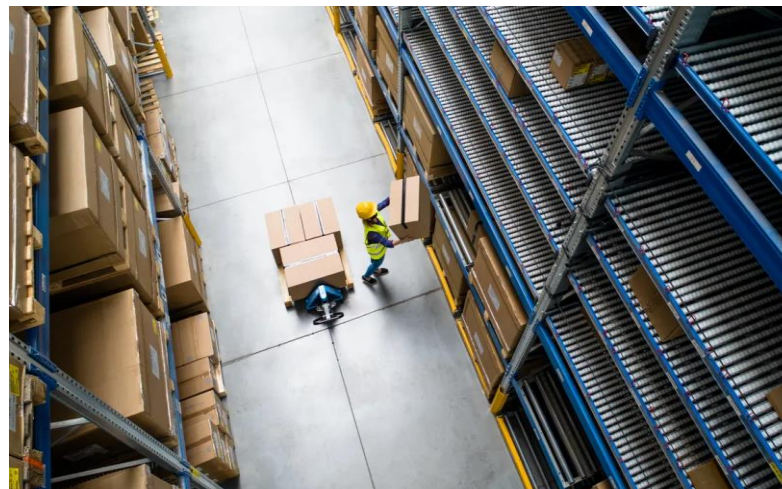
A distribution center is a warehouse that has a larger space than any other warehouse. These centers enable faster movement of large quantities of goods within a short time. Goods are procured from multiple suppliers and are quickly transferred to various customers.





# Definition of warehouse entrepreneur

**Warehouse entrepreneur is** “a person who owns a warehouse or who carries on the activities of storing, blending or packaging by taking a lease of a warehouse.”



# Warehouse location analysis



## **Workforce availability, labor skills & costs**

Workforce availability, skills, and labor costs are directly associated with local demographics. Not every geographical location offers a workforce with the right skills at the right price. Pay attention to the local demographics of the state/city being considered.





## Roads, highways & traffic flow

Accessibility to roads and highways as well as local traffic density must also be considered, especially if trucking is the main mode of transportation.

Transportation costs are affected by some or all of these variables and can impact the competitiveness of the company or the attractiveness of the warehousing facility to customers.





## Proximity to airport, ports & railway stations

In this case, the main mode of transportation used to receive or ship goods to and from the warehouse must be prioritized. For example, if most of the cargo is imported/exported via air, then you will want to be as close as possible to the airport. If this is not possible, you should at least explore facilities with easy access to highways and roads that offer a direct connection to the airport.



## Markets & local environmental factors

Proximity to suppliers, producers, and the market(s) being served as well as local environmental factors must be also considered.



# Exercises Chapter 7



**Question 1 :** What is the meaning of warehouse management ?

**Question 2 :** What are the roles of a warehouse ?

**Question 3 :** What are the warehouse activities ?

**Question 4 :** What are the types of warehouses?

**Question 5 :** How do we analyze the warehouse location ?





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