

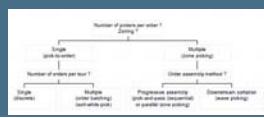
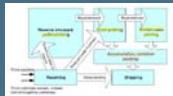


Order picking

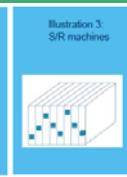
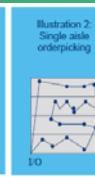




Concepts



Algorithms



Case studies

CH1:
CPI-MRO

CH2:
DC sporting
goods

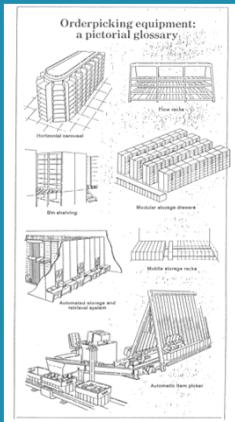
CS1:
XYZ company

CS2: e-
conveyors

Trends



Concepts



What is order picking?

Definition

activity by which a small number of goods is extracted from a warehousing system to satisfy a number of independent customer orders



Reasons for order picking

- buffer between production and demand** (time, quantity)
- consolidation of products in a single shipment

Importance

- plays a *key role* in distribution and manufacturing (!buffers)
- critical for internal productivity; for external delivery performance
- expensive*: either labor or capital intensive



Multi-objective

- resource utilization, service level, costs,
- flexibility, productivity,

Some *illustrative* numbers (Tompkins, 2016)

warehousing cost (average)

storage 14% - receiving 18 % - shipping 18 % -
order picking 50 %



manual order picking time (example)

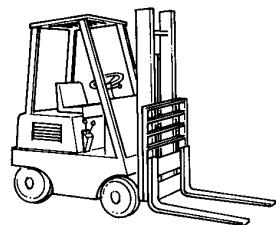
travelling (60%) 

searching and identifying (10%) 

extracting and counting (10%)

sorting (10%)

packaging (10%)



Operation types

revisited

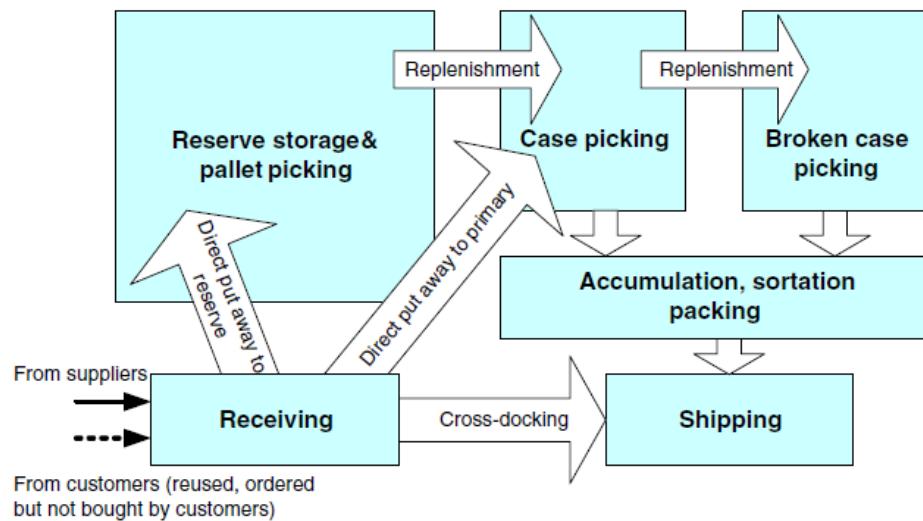


Fig. 1. Typical warehouse functions and flows (Tompkins et al., 2003).

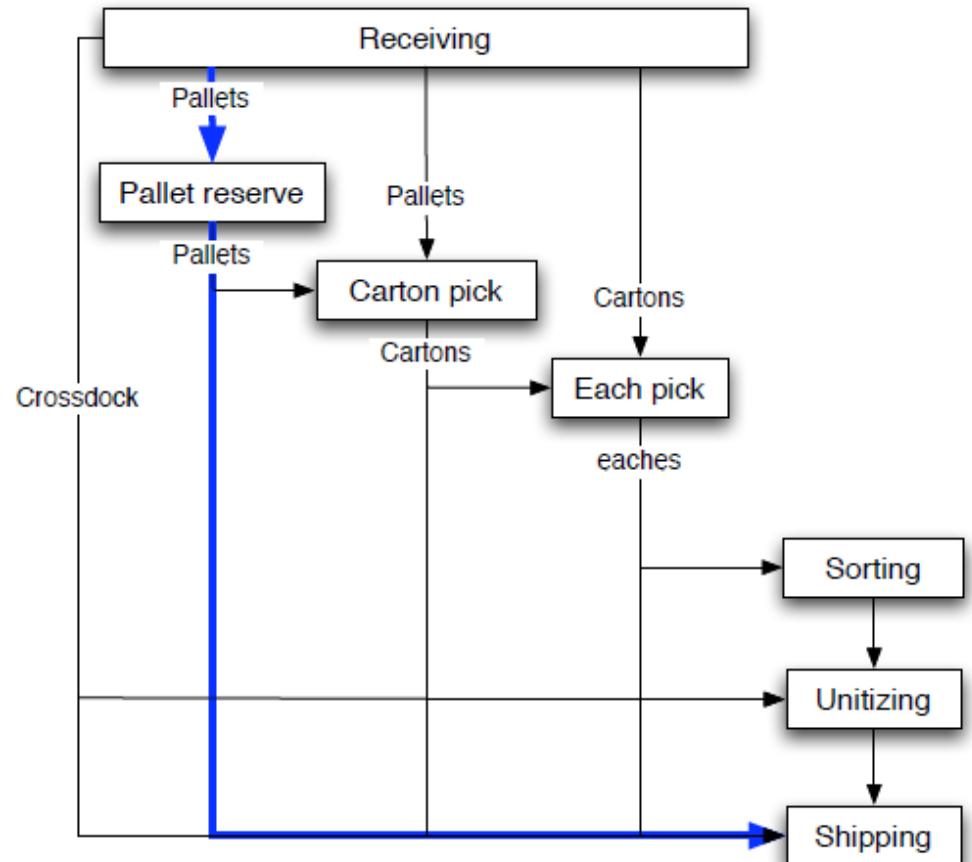
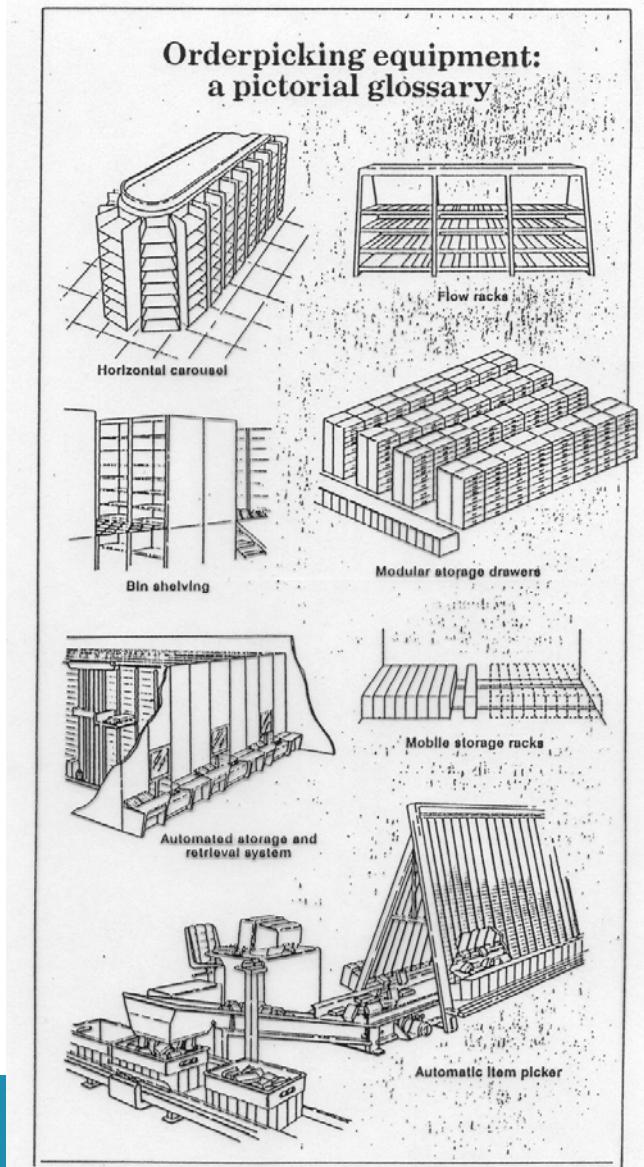


Figure 6.1: Flow of unit-loads through a typical warehouse

Equipment

Two basic types:
part-to-picker (end-of-the-aisle)
picker-to-part (in-the-aisle)





Horizontal caroussel



Legend

- 1 The principle of the Hänel Rotomat®
Industrial storage carousels
Vertical carousel technology – simply brilliant
- 2 Carrier suspension
on 4-point sliding carriage principle
- 3 Internal drive system
with 2 motors
- 4 Soft start
with pole-switching motors
- 5 Access point with V2A work counter
virtually wear-proof
- 6 Patented safety threshold switch
optimal personal protection
- 7 Light barrier curtains
compliant with DIN EN 15095
- 8 Hänel microprocessor controllers
and Hänel software solutions
- 9 Wiring box
with centrally housed electrical components
- 10 Multifunction positioning system
for accurate positioning of shelf levels
- 11 Lockable sliding doors
for inventory protection
- 12 Load imbalance warning devices UL 2 and UL 3
safe loading and prevention of uneven loads
- 13 Multifunction carriers
with variable dividers and inserts
- 14 Compartment indicators
for error-free retrieval
- 15 Environmentally friendly powder coating
50 % more abrasion-resistant
- 16 Barcode scanners
and other peripheral devices

Vertical carroussel



A-frame



Mini-load system



Picking robot



Bin shelving (picker-to-part)



Simple racks - shelves



Mechanized picking

Robots/cobots





In-the-aisle order picking



Narrow-aisle order picking





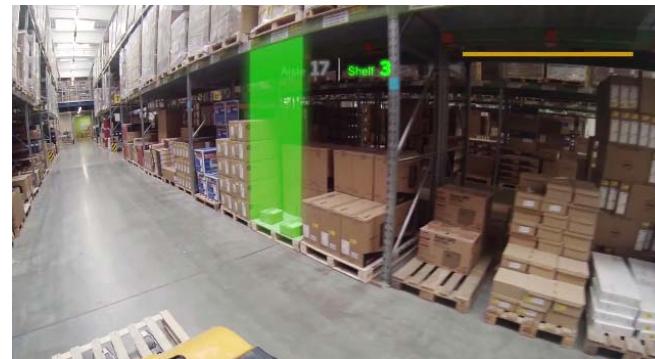
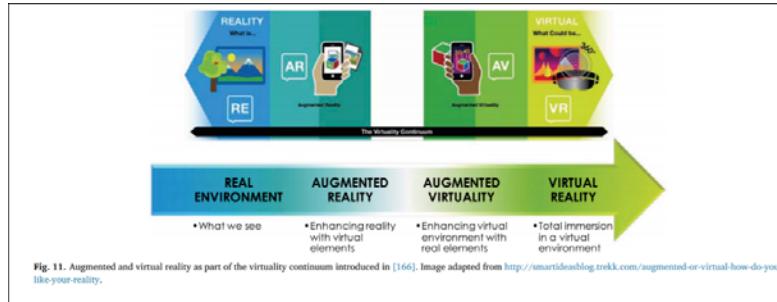
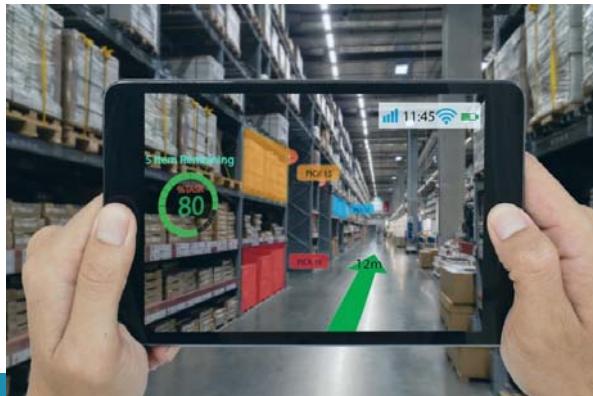
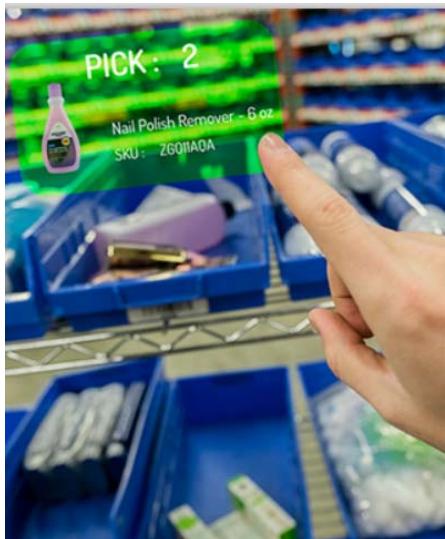
Pick-to-light systems





Voice picking systems

AR/VR - wearables



Exoskeletons



De opkomst van bionische technologie zoals o.a. 'wearables' en 'exoskeletens' verlegt de grenzen van de huidige fysieke barrières van de mens.

Slimme kleding, smart glasses, bionische armen en zelfs slimme contactlenzen hebben het potentieel om logistiek personeel te ondersteunen op het vlak van communicatie, procesuitvoering of optimalisatie en tevens ook gezondheids- en veiligheidsrisico's te minimaliseren.

Exoskeletens kunnen worden beschouwd als draagbare robotpakken die het menselijk lichaam een boost geven m.b.t. kracht en uithoudingsvermogen. Tegenwoordig worden ze reeds ingezet bij validatieprocessen (in de gezondheidszorg) en ook in de industrie bij het hanteren van zware gereedschappen.

OPPORTUNITEITEN

- Verminderen van fysieke belasting bij meerdere manuele handelingen (orderpicking, verpakken of stapelen van colties, laden en lossen van vrachtwagens). Fysieke overbelasting kan leiden tot lichamelijke klachten, resulterend in minder productiviteit, lagere motivatie en finaal tot ziekteverzuim.
- Ondersteunen van oudere operatoren bij fysiek belastende taken.
- Verhogen van de productiviteit bij handelingen met zware lasten of bij repetitieve activiteiten.

RESULTATEN

- Exoskeletens zijn nog volop in ontwikkeling voor toepassingen in de industrie. Ze zijn vooral gericht op statische (permanent ondersteunend in een bepaald gewicht) en repetitieve belastende taken, bijvoorbeeld montage langs de assemblagelijn in de auto industrie.
- Exoskeletens dragen positief bij in een beperkte reductie van de belasting, maar bij verschillende taken treden nadelige ongewenste effecten op (verschuiving van belasting, extra rotatie en/of overstrekking van de rug).
- Bij respecteren van de preventiehiërarchie, kan overwogen worden om een passief exoskelet in te zetten om het restrisico aan te pakken.
- Twee vragen zijn van groot belang voor wie exoskeletten wil inzetten in de logistiek: blijven bepaalde logistieke (deel)taken voldoende lang in de ondersteunde zone (werkgebied) van het exoskelet? Heeft het exoskelet voldoende bewegingsvrijheid (vrijheidsgraden), noodzakelijk voor de logistieke deel(taak)?
- Naast het analyseren van de juiste match tussen taak en exoskelet dient de gebruiker ook ondersteund te worden met training, gewening en begeleiding bij het invoeringsproces.
- VIL werkte voor dit project een helder stappenplan uit.



(Re)design issues

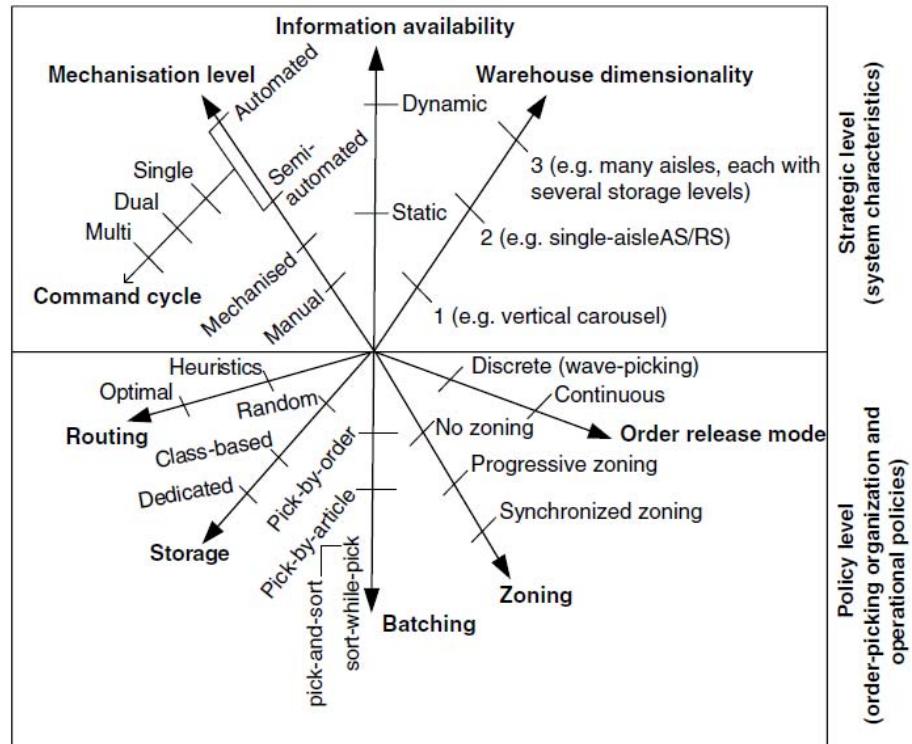
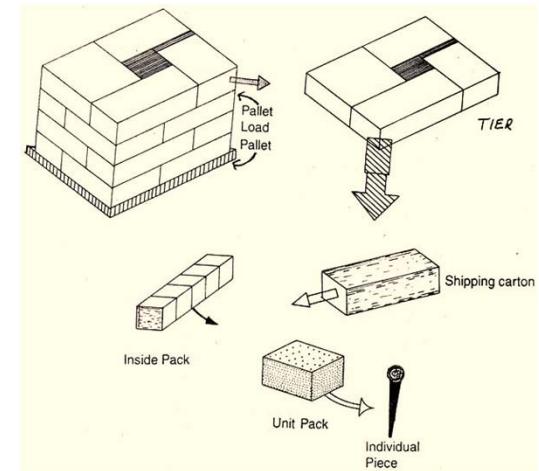


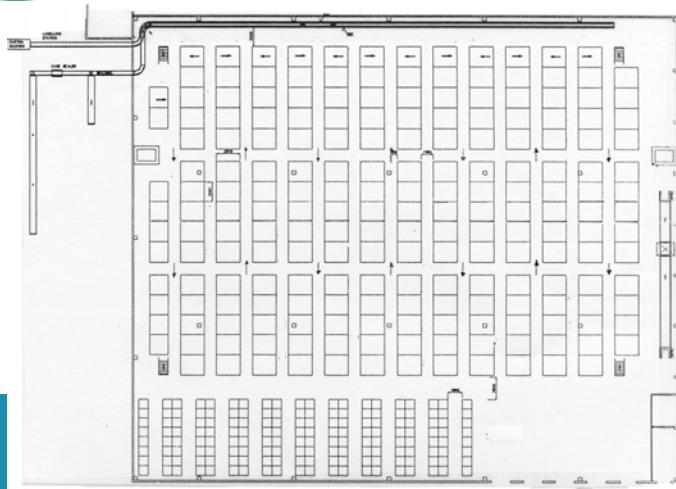
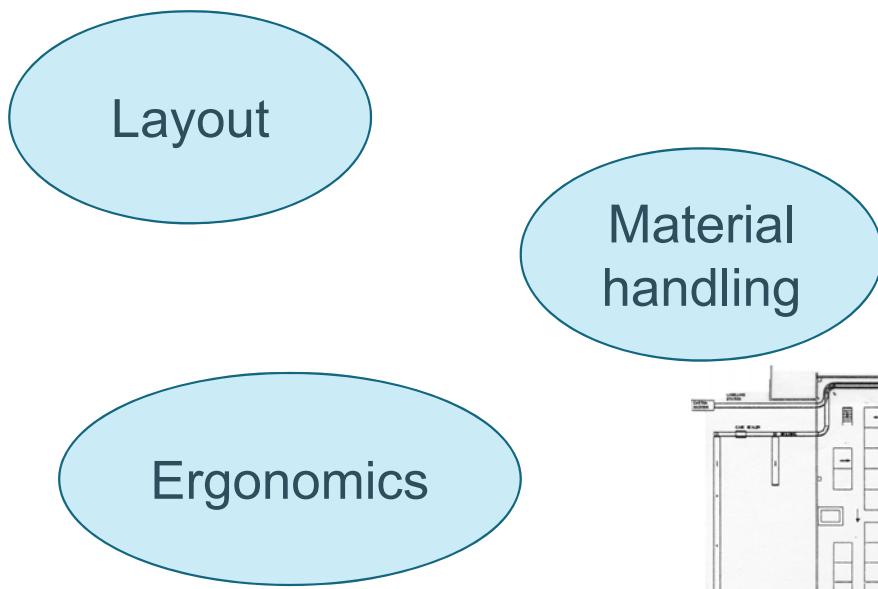
Fig. 3. Complexity of order-picking systems (based on Goetschalckx and Ashayeri, 1989).

Data

Type of information/tools	Example
General	sales figures, # SKU, inventory turnover
Customers	service goals (service level, flexibility, lead time, ...)
Volume	units & orders picked/day, /year
Variety	order profiles: unique or recurrent, full or broken case, # lines (picks)/order, ...
Inventory	on-hand/SKU, replenishment, ...
Physical characteristics	dimensions, environment, fragile, perishable, ...
Unit loads	receiving → shipping
Time standards	reach, grasp, ...
Standard costs	labor, space, equipment, ...
Tools	Pareto analysis, flow diagrams, ABC (costing), TCO, time and motion studies, optimization algorithms and heuristics, ...



Interactions

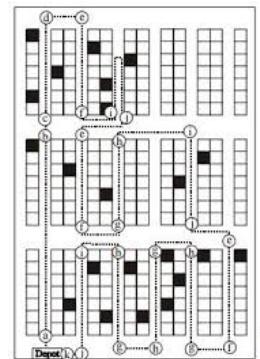


Exercise:

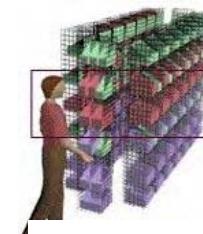
Consider a manual order picking process. Think about a method to eliminate or reduce the different work elements. Each time indicate which equipment, if any, is required.

Work element	Method to eliminate or reduce	Equipment required
Traveling		
Documenting		
Reaching		
Sorting		
Searching		
Extracting		
Counting		

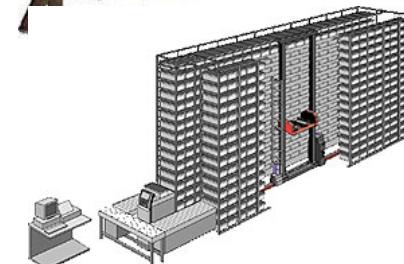
Optimize the routing (TSP)



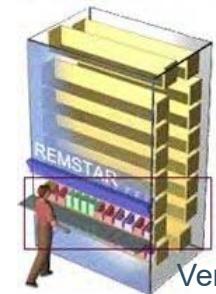
Invest in part-to-picker equipment



Horizontal carousel



Miniload AS/RS



Vertical carousel



Basic order picking patterns

How to decide ...?



www.trifactor.com – white paper



Formerly Advanced Handling Systems

[TriFactor Home](#) > [TriFactor Learning Center](#) > [White Papers](#) > Critical Factors when Choosing an Order Picking System

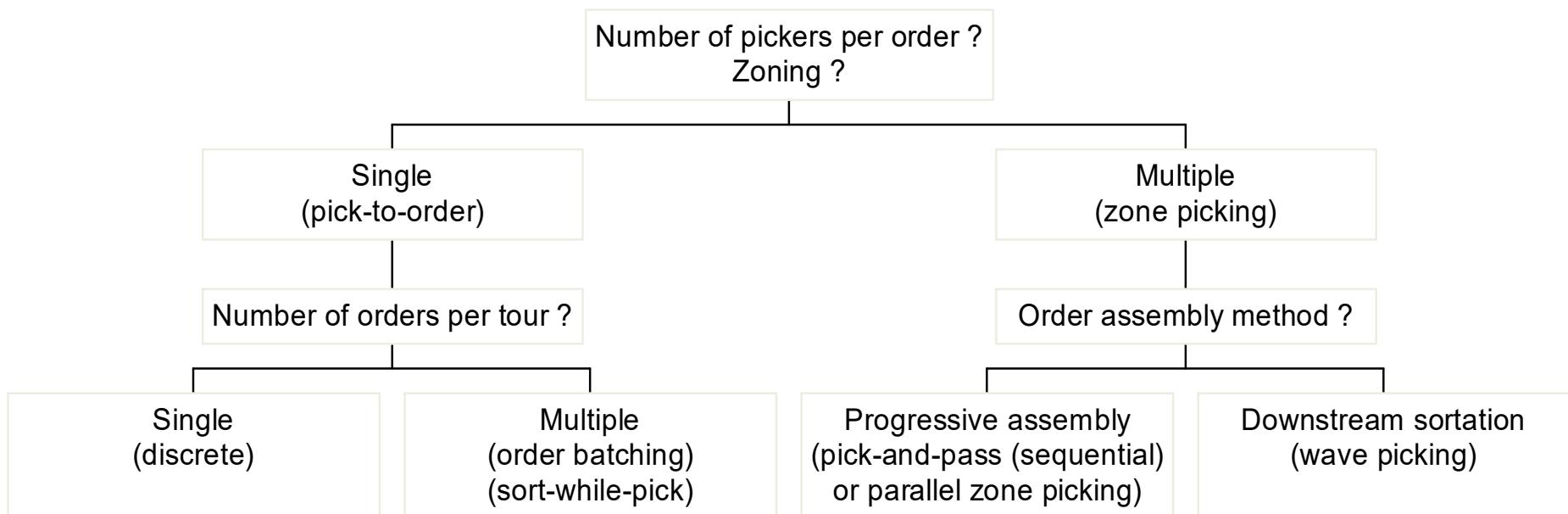
Choosing an Order Picking System

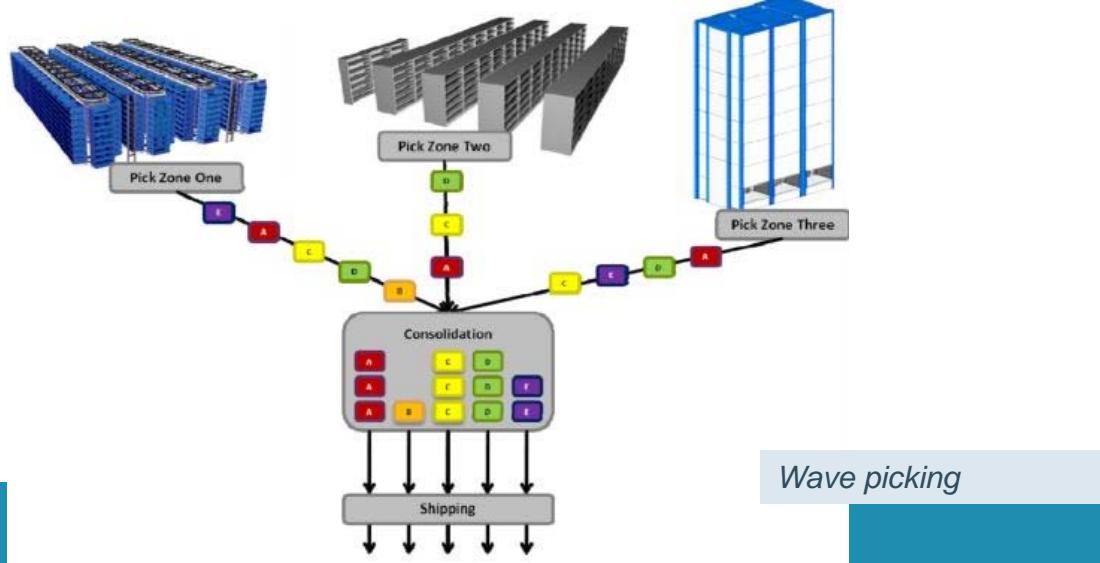
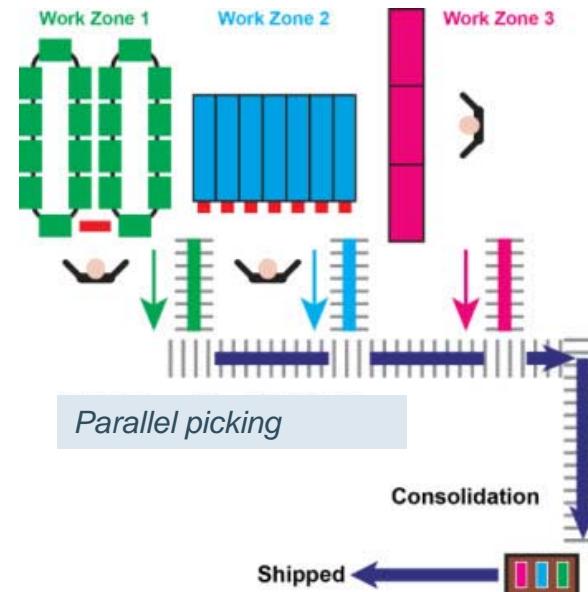
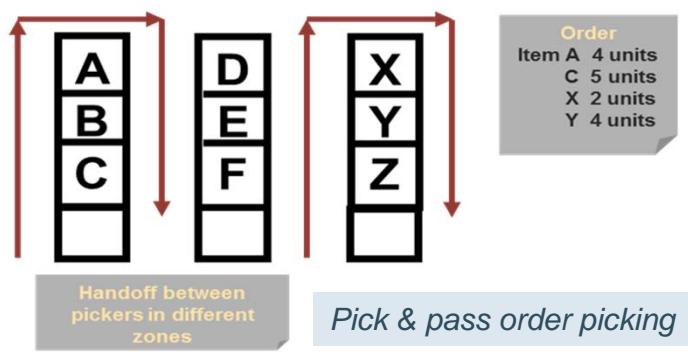
Critical Factors when Choosing an Order Picking System

By Richard Gillespie

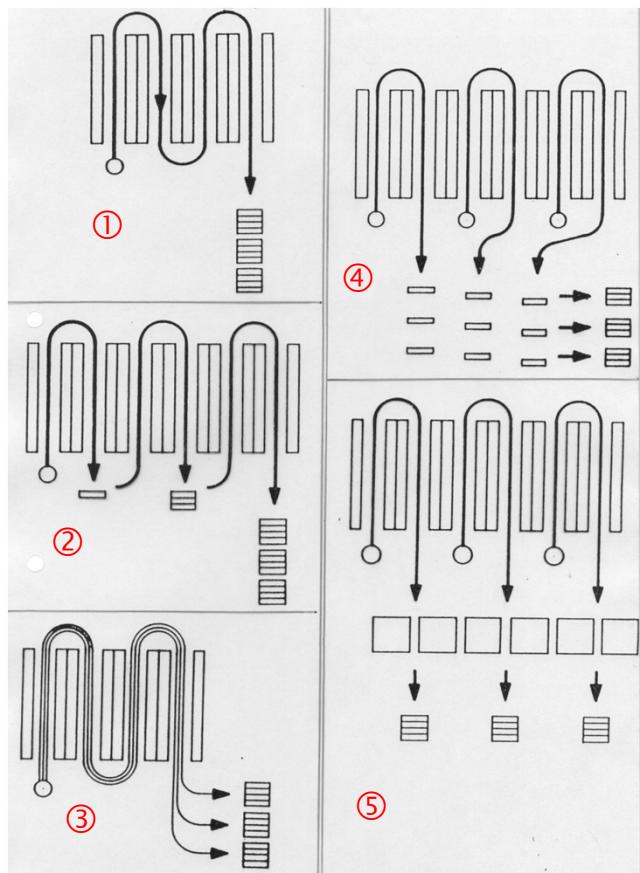
"What do I need to know about my operation before choosing the order picking solution that is right for my company?"

Types of picking systems





Examples of patterns



IDENTIFY

- (1) single order picking
- (2) sequential zone picking
- (3) batch picking
- (4) parallel zone picking
- (5) wave picking

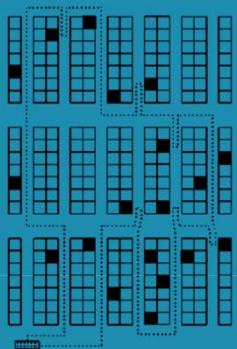
COMPARE

basic characteristics
pre-picking operations
post-picking operations
performance

accuracy
travel time
search time

other

Algorithms



Algorithms

A lot of research on order picking optimization on the topic, research results are implemented in software packages

Routing is main component in most algorithms – sequencing of picks is very important; other elements are order clustering/batching, location policies, ...

Approaches are either simulation, mathematical programming and analytical models.

A lot of different situations to model ...

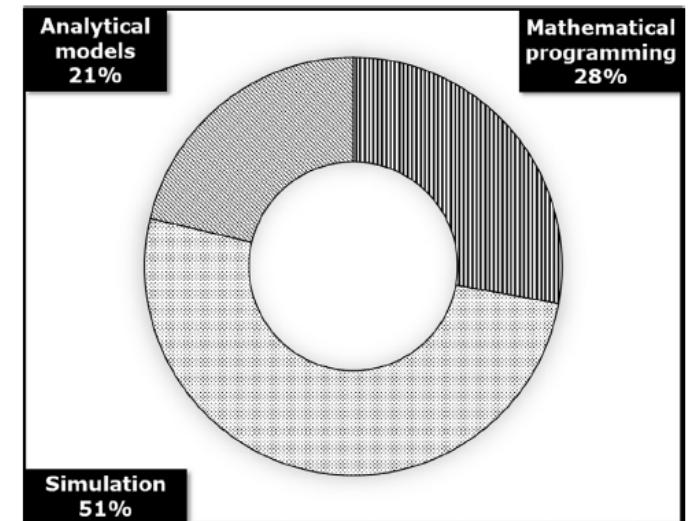


Fig. 4. Research method used to analyze the combination of order picking planning problems.

(Van Gils, 2019)



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Invited Review

Designing efficient order picking systems by combining planning problems: State-of-the-art classification and review



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Literature review

ABSTRACT

Warehouses deliver labor-intensive services to customers. Underperformance may result in high costs and unsatisfied customer demand. New market developments force warehouses to handle a large number of orders within tight time windows. To cope with this, order picking operations need to be optimized by solving a wide range of planning problems. Optimizing order picking planning problems sequentially may yield a suboptimal overall warehouse performance. Still, previous warehouse planning reviews focus on individual planning problems. This literature review differs by investigating combinations of multiple order picking planning problems. A state-of-the-art review and classification of the scientific literature investigating combinations of tactical and operational order picking planning problems in picker-to-parts systems is presented with the aim of determining how planning problems are related. Furthermore, this literature review aims to find excellent policy combinations and to provide guidelines how warehouse managers can benefit from combining planning problems, in order to design efficient order picking systems and improve customer service. Combining multiple order picking planning problems results in substantial efficiency benefits, which are required to face new market developments.

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Review

Order picker routing in warehouses: A systematic literature review

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ARTICLE INFO

Keywords:

Order picking
Order picker routing
Routing policy
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Systematic literature review

ABSTRACT

Order picking has often been described as one of the most labor- and time-consuming internal logistics processes. In manual picker-to-parts order picking systems, order pickers often spend a significant amount of time on travelling through the warehouse to reach storage positions where required items are stored. To reduce the cost of order picking, researchers have developed various optimal and heuristic routing policies in the past. This paper presents the results of a systematic review of research on order picker routing. First, it identifies order picker routing policies in a systematic search of the literature and then develops a conceptual framework for categorizing the various policies. Order picker routing policies identified during the literature search are then descriptively analyzed and discussed in light of the developed framework. The paper also derives insights into the frequencies of usage of the different routing policies available in the literature and applies a citation analysis to identify seminal works that shaped the literature on order picker routing. The paper concludes with an outlook on future research opportunities.

Illustration 1:
Manual in-the-aisle
orderpicking

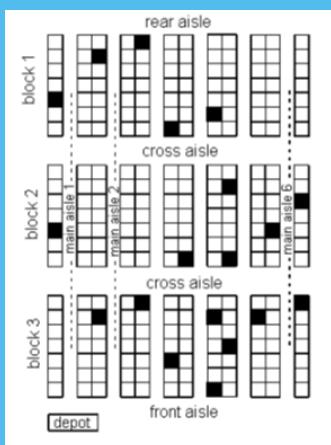


Illustration 2:
Single aisle
orderpicking

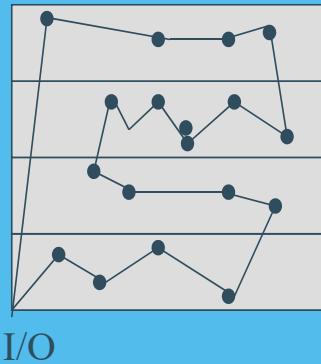


Illustration 3:
S/R machines

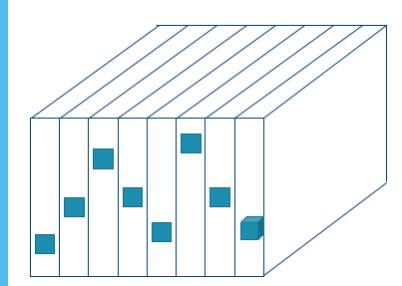


Illustration 1: manual in-aisle-order picking

Situation

Pickers are used to retrieve items stored in a *rectangular warehouse*.

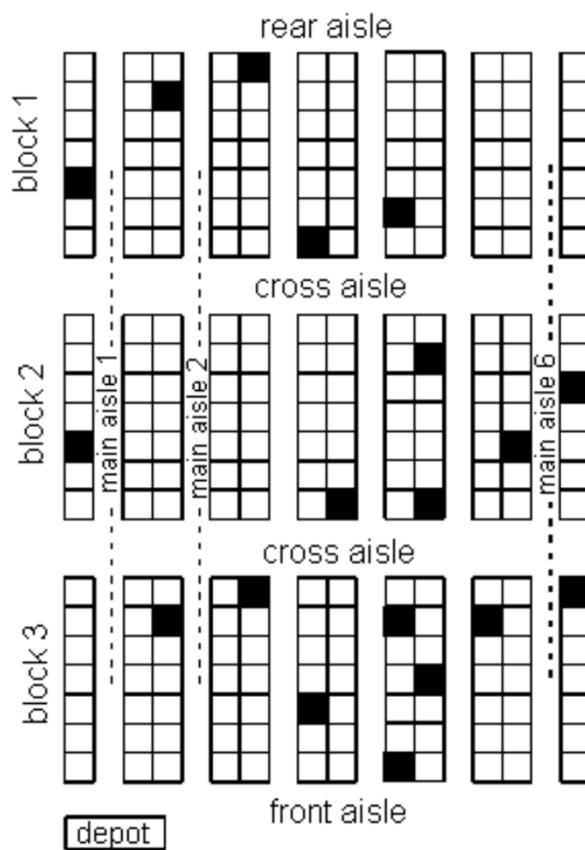
The items are stocked in aisles that are *perpendicular* to the front of the warehouse.

Each picker route includes a *longitudinal component*, in which the picker travels along the front and the back aisles to access the stocking aisles and a *lateral component*, in which the picker travels along the stocking aisles.

Stocking aisles allow travel *in both directions*, and the picker can, if desired, pick from *both sides* of the aisles in a single pass, i.e. aisle width is “negligible”.

Each route begins and ends at the *P/D point*.

How to solve ?



euwsbrief

Welcome
to the
Interactive Warehouse

[Click here to enter](#)

[Introduction](#)
[Background Information](#)

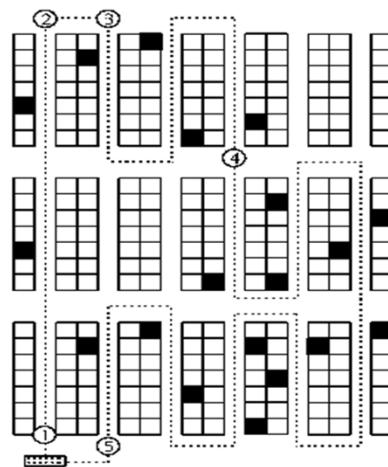
The Interactive Warehouse is created by Kees Jan Roodbergen.
[contact / feedback](#).

Designed for Internet Explorer, Netscape, and Firefox (version 1.5).

<http://www.roodbergen.com/warehouse>

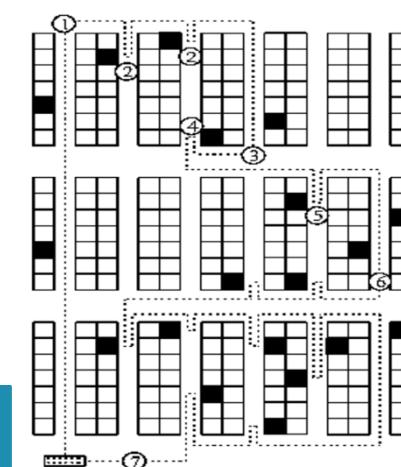
Transversal strategy or S-shape heuristic

The picker enters only those aisles containing picks from one end of the aisle and exits through the other end of the aisle



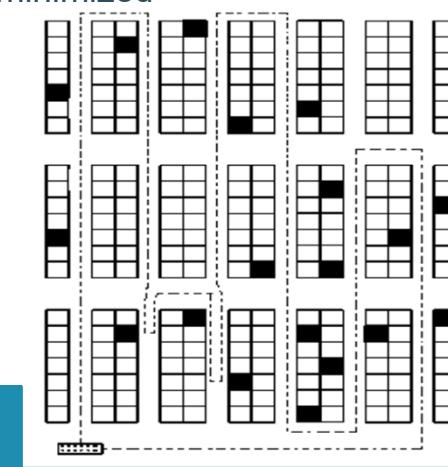
Largest gap or return heuristic

The picker enters an aisle only as far as the start of the largest gap within an aisle. The largest gap represents the separation between any two adjacent picks, or between the first pick and the front aisle or between the last pick and the back aisle. The largest gap within an aisle is therefore the portion of the aisle that the picker does not traverse.

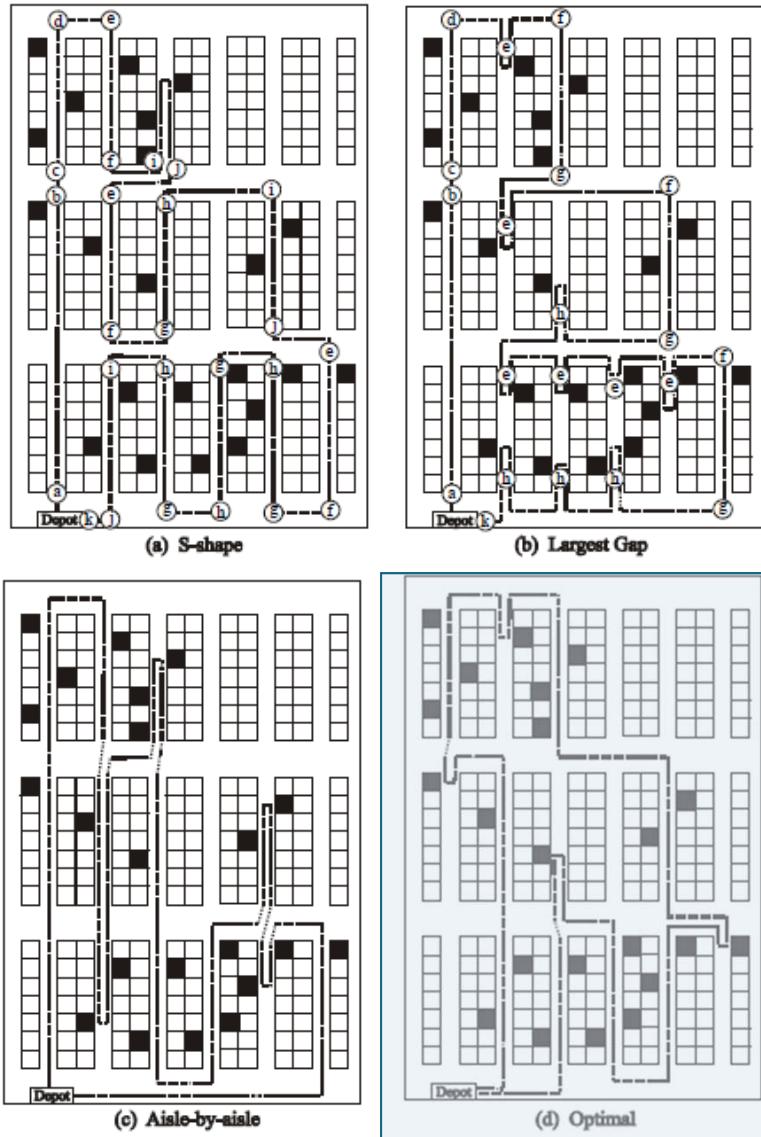


Aisle-by-aisle heuristic

The order pickers starts at the depot and goes to the left most aisle containing items. All items in this main aisle are picked and a cross aisle is chosen to proceed to the next main aisle. Again all items in this main aisle are picked and the order pickers proceeds to the next main aisle. The aisle-by-aisle heuristic determines which cross aisles to use to go from one aisle to the next in such a way that the distances traveled are minimized



Heuristics



Optimal

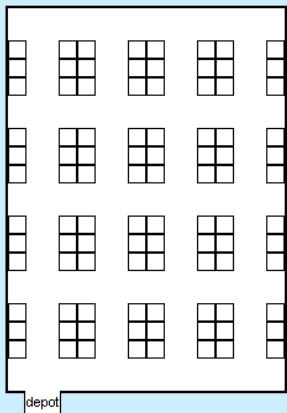
- Set layout
- Create an order
- Create a route
- Routing methods
- Results

Set layout

Fill out this form, then click on "show warehouse".

number of blocks 4
 number of aisles 4
 number of locations per aisle 3
 depot location 1
 aisle length (optional)
 crossover length (optional)

[show warehouse](#)



- Set layout
- Create an order
- Create a route
- Routing methods
- Results

Create an order

First type the number of products you would like to pick. Then click on the "set order" button to create a random order.

8

You can also create an order yourself, by clicking on the locations of the warehouse. To clear all locations, click this button:

[clear order](#)

- Set layout
- Create an order
- Create a route
- Routing methods
- Results

Results

route 1	101
route 2	73
route 3	
your best route	73
Optimal	
S-shape	46
Combined	42
Largest Gap	42
Aisle-by-aisle	52
Combined +	40

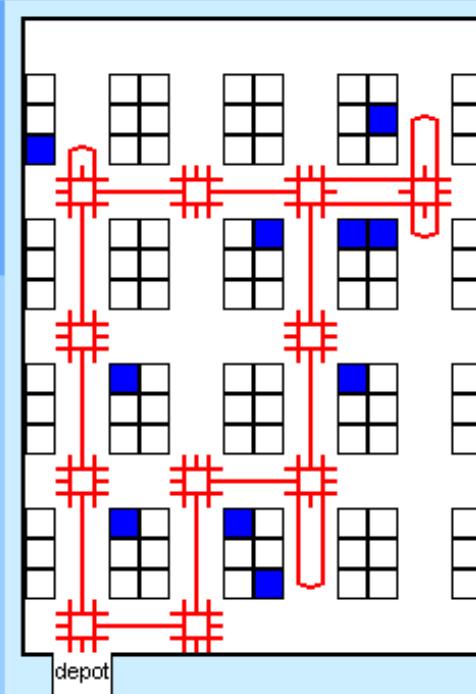
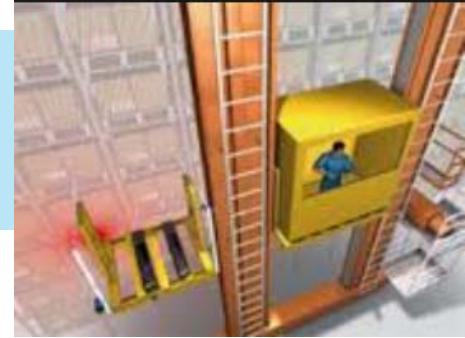


Illustration 2: In-the-aisle order picking (single aisle picking)



Situation

The pickers starts at the *P/D station*, visits the appropriate containers in the rack, returns to the *P/D station* and discharges the parts before starting the next trip.

Examples

walk-and-pick system where each order picker is assigned just one aisle
person-on-board AS/RS

How to solve ?

The *throughput capacity* of such a system, i.e. the number of picks performed per hour, depends on the expected time it takes to complete one trip.

The *time required per trip* depends on

travel speed of the S/R machine

rack size
rack shape } **scale and shape factor !**

time it takes to complete one pick

time it takes to discharge the parts at the P/D station

number of containers to be visited

sequence in which the containers are visited (TSP !)

The expected time required to travel from the P/D station, make n stops (picks) in the aisle and return to the P/D station can be estimated by

$$E[P, n \text{ picks}, D]$$

$$= T \left[\frac{2n}{n+1} + 0.114703n\sqrt{Q} - 0.074257 - 0.041603n + 0.459289Q^2 \right]$$



for $3 \leq n \leq 16$, using Chebyshev metrics

Example

Consider a storage rack that is 360 ft long and 60 ft tall. Suppose that the S/R machine travels at a constant speed of 400 fpm and 80 fpm in horizontal and vertical direction, resp. Further suppose that 10 stops are made during each order picking trip.

Compute **E[P,n,D]**

(answer: 2.4245 min)

Compute the **maximum throughput** if it takes the picker on average 15 sec to pick one or more items from each container and if, between successive picks, he/she spends 1.2 min at the P/D station (to discharge the parts picked and to prepare for the next trip)

(answer: 98 picks/hour)

Solution

$$n=10$$

$$h_v=400 \text{ fpm}, L=360 \text{ ft}, v_v=80 \text{ fpm}, H=60 \text{ ft}$$

$$t_h=360/400=0.9 \text{ min}, t_v=60/80=0.75 \text{ min}$$

$$T=\max(t_h, t_v)=\max(0.9, 0.75)=0.90 \text{ min}$$

$$Q=\min(t_h/T, t_v/T)=\min(0.9/0.9, 0.75/0.9)=0.8333$$

$$E[P,n,D]=\underline{\underline{2.4245 \text{ min}}}$$

total approximate time to complete a trip is given by

$$2.4 \text{ min} + 10 \text{ picks} * (15 \text{ sec}/60(\text{sec}/\text{min})) + 1.2 \text{ min} = 6.1 \text{ min}$$

and 6.1 min for 10 picks,

$$1 \text{ min for } 10/6.1 \text{ picks}$$

$$\text{and } 60 * 10/6.1 \text{ picks in one hour} = \underline{\underline{98 \text{ picks/h}}}$$

Optimum sequencing the pick points

Heavy computational burden, even if **number of picks per trip is relatively small (<20-24)** – reason: Chebyshev metric

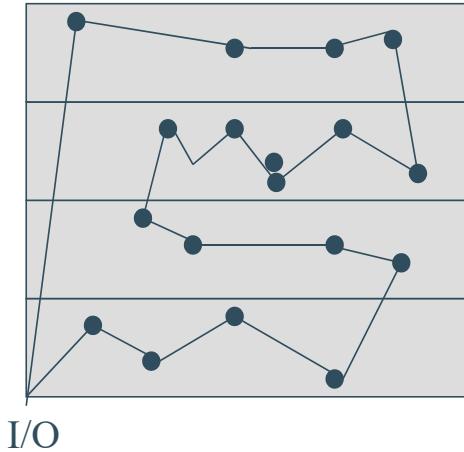
Heuristics exist; e.g. “**band heuristic**”:

The rack is divided into k equal-sized horizontal bands, where k is an even number.

Starting with the first band, the S/R machine travels in a serpentine fashion, picking sequentially along the x-axis.

Note that the S/R machine completes all the picks in the current band before proceeding to the next.

Variations in the determination of the bands may exist.



Zigzagging effect

Using the band heuristic, it is shown that the expected time required to perform n picks, that are randomly and uniformly distributed over the rack, can be approximated as follows

$$E[P, n \text{ picks}, D] = E[k, n, T, Q] = T \left[2kA + kB(n-1) + \frac{k-1}{k}Q \right]$$

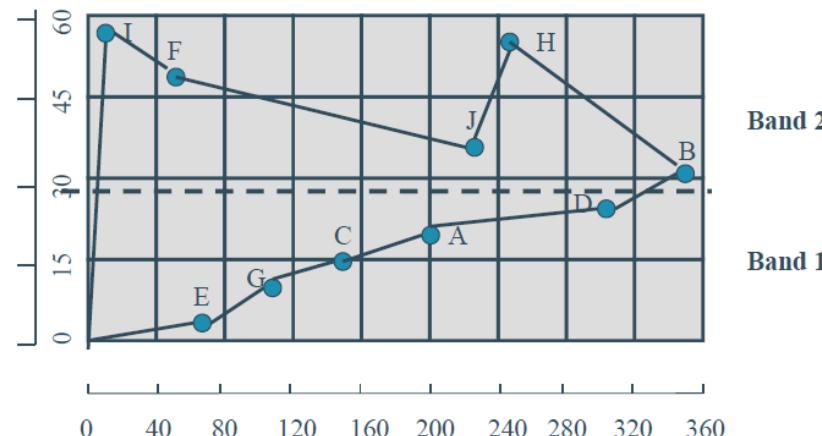
where k is the number of bands,
and

$$A = \frac{C}{2} + \frac{1 - (1 - C)^{n+2}}{C(n+1)(n+2)}$$

$$B = \frac{C}{3} + \frac{2nC + 6C - 2 + 2(1 - C)^{n+3}}{C^2(n+1)(n+2)(n+3)}$$

$$C = \frac{Q}{k^2}$$

Example



For $k = 2$, and recalling that $T=0.90$ min, $Q=0.8333$ and $n=10$ picks/tour, we obtain

$$C=0.2083$$

$$B=0.1166$$

$$A=0.1383$$

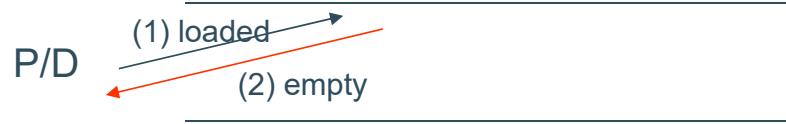
$$E[k,n,T,Q]=\underline{2.7617 \text{ min}}$$

Comparing the 2.7617 min of the band heuristic with the previously computed 2.4245 min, it seems that using the band heuristic instead of the “optimum” method will reduce throughput capacity with about 14 %. **Discuss.**



Illustration 3: S/R machines

Cycle types



Single command retrieval

Single command storage

Dual command

Notation

$E[SC]$ = expected travel time for single command cycle

$E[TB]$ = expected travel time from storage location to the retrieval location during a dual command cycle

$E[DC]$ = expected travel time for a dual command cycle

L = rack length (ft)

H = rack height (ft)

h_v = horizontal velocity of the S/R machine (ft/min)

v_v = vertical velocity of the S/R machine (ft/min)

t_h = time required to travel horizontally from the P/D station to the *furthest* location in the aisle, $t_h=L/h_v$ (min)

t_v = time required to travel vertically from the P/D station to the *furthest* location in the aisle, $t_v=H/v_v$ (min)

In order to determine the expected travel times in a compact form, we first “normalize” the rack by dividing its *shorter (in time)* side by its *longer (in time)* side.

$$T = \max(t_h, t_v)$$

scaling factor

i.e. the longer-in-time side of the rack

$$Q = \min(t_h/T, t_v/T)$$

shape factor

i.e. the ratio of the shorter-in-time to the longer-in-

time side of the rack

Note that a normalized rack is Q units long in one direction and 1 unit long in the other direction, where $0 < Q \leq 1$.

If $Q=1$, the rack is said to be “**square-in-time**” (SIT).

Formulas

Assuming *randomized storage*, an *end-of-aisle P/D station located at the lower left-hand corner of the rack*, *constant horizontal and vertical S/R machine velocities* (i.e. no acceleration or deceleration taken into account), *a continuous approximation of the storage rack* (which is sufficiently accurate) and *Chebyshev distance measures*, the expected travel time for the S/R machine are given as:

$$E[SC] = T \left[1 + \frac{Q^2}{3} \right]$$

$$E[TB] = \frac{T}{30} [10 + 5Q^2 - Q^3]$$

$$E[DC] = E[SC] + E[TB] = \frac{T}{30} [40 + 15Q^2 - Q^3]$$



It can be shown that $E[SC]$ and $E[TB]$ are minimized at $Q=1$; i.e. given a rack with a fixed area (but variable dimensions), the expected single and dual command travel times are minimized when the rack is SIT.

The expected total cycle time for the S/R machine is obtained by adding load handling time to the expected travel time. Let

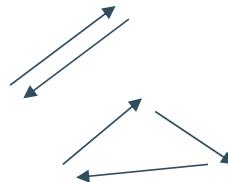
TSC = expected single command cycle time

TDC = expected dual command cycle time

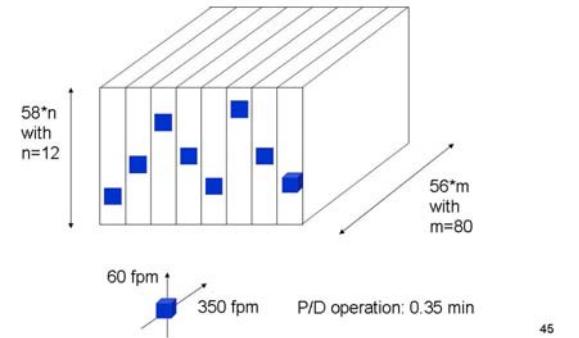
TP/D = time required to either pickup or deposit the load

$$T_{SC} = E[SC] + 2T_{P/D}$$

$$T_{DC} = E[DC] + 4T_{P/D}$$



Seen the assumptions taken here and the complexity of real life situations, in practice these estimations are “refined” using simulation.



Exercise

Consider a warehouse with 8 aisles, a S/R machine for each aisle. Assume the S/R requires 0.35 min to perform a P/D operation, travels horizontally at an average speed of 350 fpm and travels vertically at an average speed of 60 fpm. The dimensions (inches) of the storage racks are 56 m (length) by $58 \cdot n$ (height), where m is the number of horizontal storage positions or addresses (length) and n is the number of vertical storage positions (height).

Determine the **average cycle time per operation** for both a single and a dual command cycle for $m=80$ and $n=12$.

Answer: 2.06 min (single); 1.615 min (dual)

Suppose 40% of the storages and 40% of the retrievals are performed as single command operations; the remaining are performed as dual command operations. If 120 storages per hour and 120 retrievals per hour are to be handled by the AS/RS, what will be the **percentage utilization of the S/R machines** ?

Answer: 89.65 %

Solution

the rack dimensions are

$$L=56*m/12=56*80/12= 373.33 \text{ ft}$$

$$H=58*n/12=58*12/12= 58 \text{ ft}$$

the travel times are

$$t_h=L/v_v=373.33/350=1.067 \text{ min}$$

$$t_v=H/v_v=58/60=0.967 \text{ min}$$

thus

$$T=\max(t_h, t_v)=\max(1.067, 0.967)=1.067 \text{ min}$$

$$Q=\min(t_h/T, t_v/T)=\min(1.067/1.067, 0.967/1.067)=0.967/1.067=0.906$$

the single command cycle time

$$T_{SC}=T(1+Q^2/3)+2T_{P/D}=1.067*[1+(0.906)^2/3]+2*0.35$$

$$\mathbf{T_{SC}=2.06 \text{ min}}$$

the dual command cycle time

$$\begin{aligned} T_{DC}&=(T/30)*(40+15Q^2-Q^3)+4T_{P/D} \\ &=((1.067)/30)*[40+15*(0.906)^2-(0.906)^3]+4*0.335 \end{aligned}$$

$$\mathbf{T_{DC}=3.23 \text{ min}}$$

thus, the average cycle time per operation is 2.06 min with a single command cycle (1 operation per cycle) and 1.615 min with a dual command cycle (2 operations per cycle).

Case studies



C1:
CPI-MRO

C2:
DC sporting goods

C3
XYZ company

C4: e-conveyors

C1: Batch picking in a MRO store

setting

MRO store in CPI

30000 SKU, 8000 issues/month

8 warehouse employees

orders

picked up by maintenance worker (45%)

delivered on MRO tour (55%)



project

improve warehouse operations (i.e. order picking)

↳ from pick-up ↓ (45 → 20%) and delivery ↑ (55 → 80%)



analysis

issues

request arrival patterns (peak loads !)

“due: ”: not filled out

picking

67 % of requests have 1 order line, 18 % 2 order lines, ...

“tour”

no priority system

fixed tour (45 min)

customer waiting time between request (web) and delivery: 10-
32-180 min (expected 15 min)

improvements

warehouse organization & procedures

FMI-NMI-SMI zones

special equipment (cutting, manipulating, ...)

priority system

stimulating “tour” option

shorter routes, second truck, ...

load sequence

balancing picking time and tour time

function(batch size)

C2: Order picking in a sportswear DC

situation at hand

DC for sporting goods

WMS recently installed

project

efficiency order picking algorithm

analysis

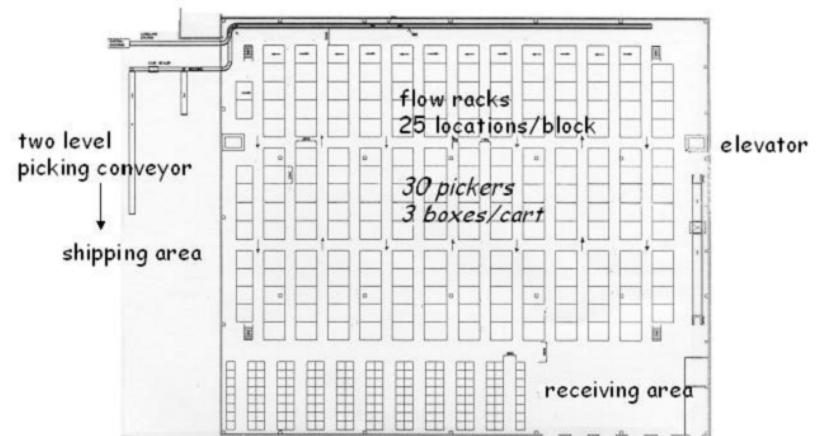
cart with “computer” on-board

fixed walking direction in aisles

waiting times at elevator: stochastic

new picking routes starts at conveyor, where boxes from current picking route are dropped off

routing heuristic: snake (S-shaped)



approach

consider only first floor

heuristic vs unidirectional TSP and vs TSP without direction constraint

test sets of representative orders

question asked

our suggestion

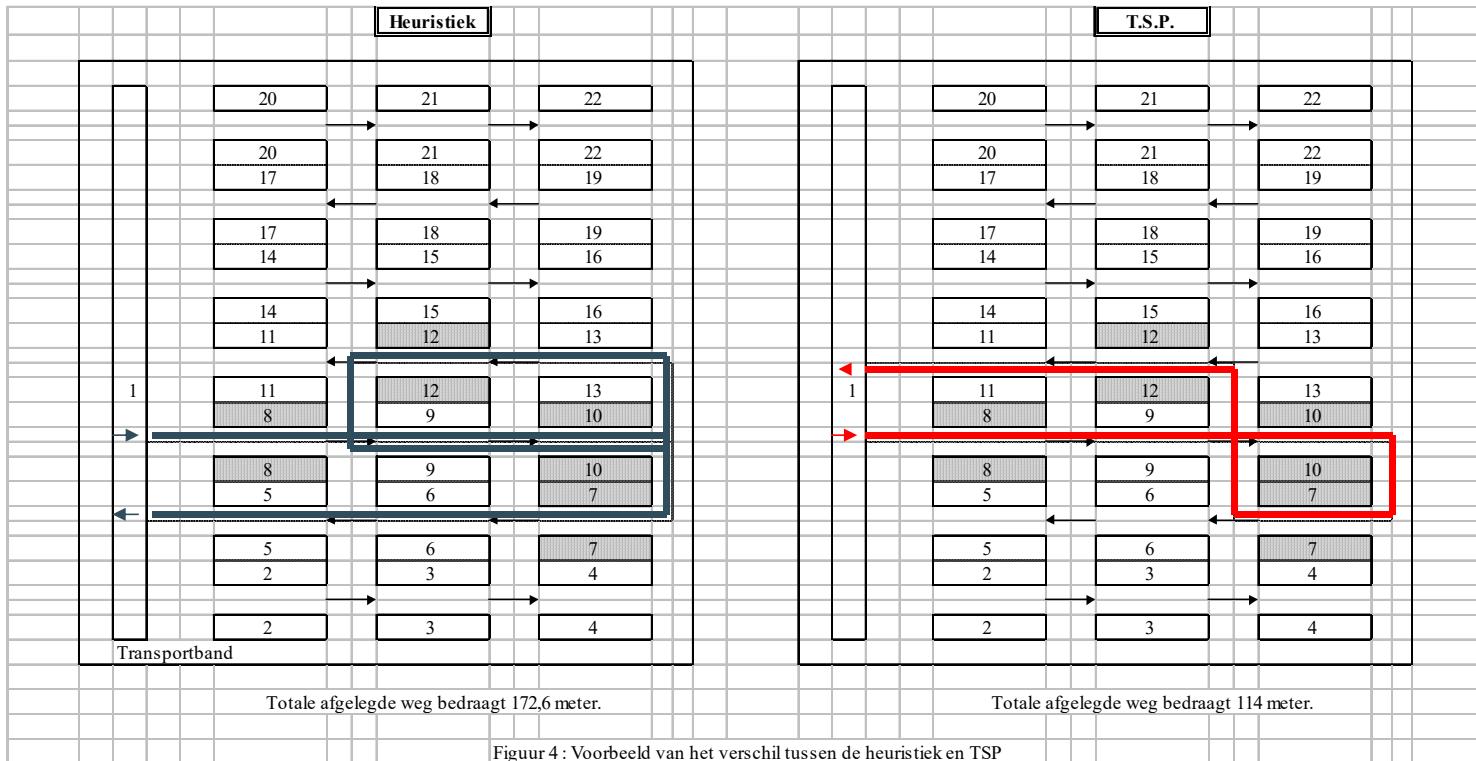
performance results

Ratio of distances traveled for snake heuristic (**S**), TSP with (**TSP1**), TSP without (**TSP2**)

Results (averages)

	S/TSP2	S/TSP1	TSP1/TSP2
global average	140%	109%	129 %

The S heuristic generates the optimal solution in 67 % of the cases; the average overall deviation from the optimum (with direction constraint) is 9%. For the non-optimal solutions the average deviation is 19 %, and a few cases with a deviation between 30% and 51% have been found.



Figuur 4 : Voorbeeld van het verschil tussen de heuristiek en TSP

This case study is based on real life data (MMH). The situation is simplified in order to allow some quick, rough computations. The objective is to illustrate the problem complexity of order picking optimization and its interrelationships with aspects as layout, storage, replenishment, material handling, etc.

C3: XYZ company

Situation

XYZ is a major **distributor** and retailer of active and casual apparel, sporting goods, and wares for home and camp use.

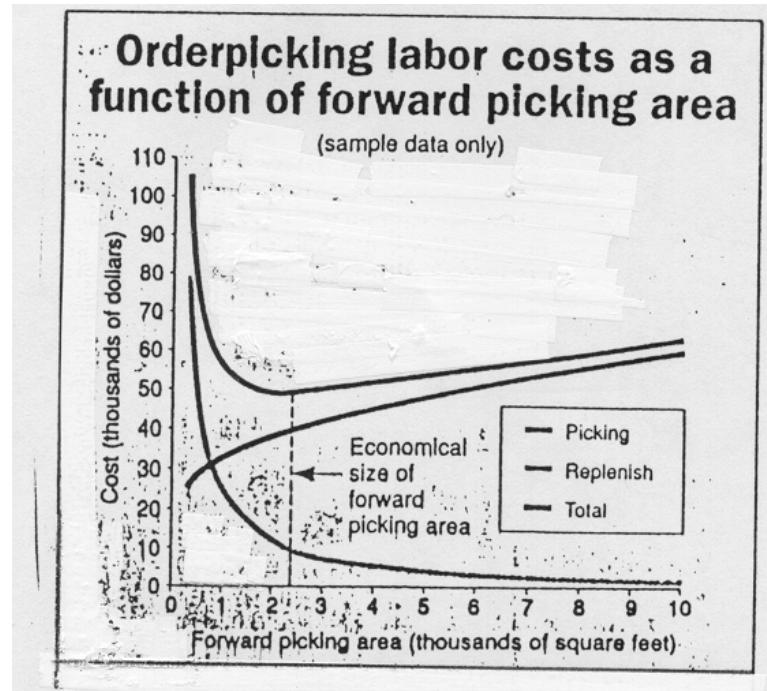
At XYZ, 1.25 million **orders** for 2.5 million **items** generated approximately \$50 million in annual sales last year. The company is experiencing 5% annual **growth** in sales and 2% annual growth in the number of stock keeping units (SKUs) handled.

The company currently handles 5000 unique **SKUs**, which are housed in a 45000 sq.-ft **distribution center**. Two thirds of the total area is available for **forward picking** and **reserve storage**. To conserve space in the reserve area and to minimize congestion in the forward picking area, a **random storage policy** is employed throughout the facility.

Currently, the reserve storage and forward picking areas are of equal **size**. The reserve storage **consists** of automated storage and retrieval in several narrow aisles. The forward picking area consists of bin shelving and flow racks. Each of the 5000 SKUs is allocated enough **space** in the forward picking area to house 20 units. All 2.5 million **picks** (per year) currently take place in the forward picking area.

A **Pareto analysis** determined that 85% of all picks can be completed with 15% of the SKUs. During each picking tour, an order picker completes between 20 and 30 orders, consisting of an average of 2 line items each. Based on the current size of the forward picking area, each **line item pick** requires approximately 1 minute. A line item pick from the reserve area requires approximately 2 minutes. A line item **replenishment** from the forward area to the reserve area requires approximately 4 minutes. Labor **costs** are approximately \$15/hour per employee.

After reviewing its current operations, XYZ believed it could cut labor costs and improve efficiency significantly by **reorganizing** its warehouse and reallocating the amount of stock housed in the forward and reserve areas. However, it was not sure what stock should go into the forward area or how much space should be allocated for it. Results of a **preliminary study** are shown in the graph below. XYZ discovered also that in a walk and pick system such as its forward picking system, the travel distance of the pickers is proportional to the square root of the warehouse area.



QUESTIONS

What **size** for the forward picking area will minimize labor costs? What will be the annual expected **savings**?

What **other changes** should XYZ consider to increase the efficiency and effectiveness of its order picking operation?

C4: e-conveyors

“Eaches at web speed”

Dot.coms orders: items are small in size, “**eaches**” (relatively small number of items per order, 1-6 items per carton, 1 carton per customer) - cfr old catalog companies

Large volume of orders

Speed is a must

Three basic choices

build new facility - retrofit old facility - contract with 3PL

e-considerations

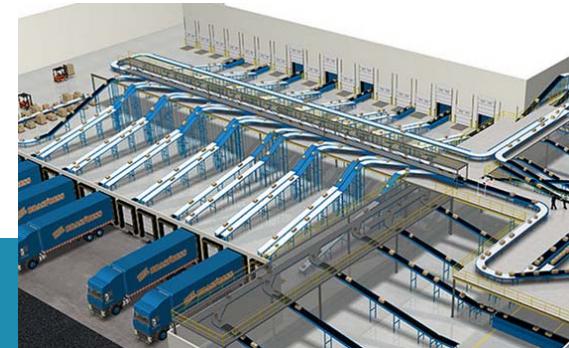
Systems must be **flexible** to ship a wide range of products

Right-sizing systems to reflect actual volume is crucial , but often little or no hard information available

Rate shopping can save on shipping

Hybrid materials handling systems often work best

Customer acquisition costs are higher than with traditional retailers



conveyors

roller, belt, slider bed, accumulating, modular

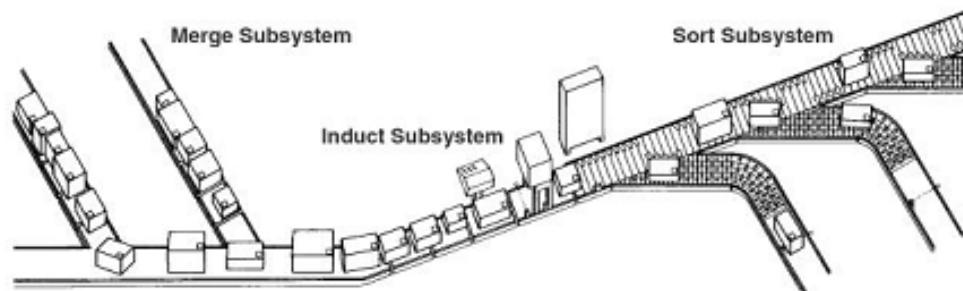
high-speed conveying of light-to medium weight products

sorter choices

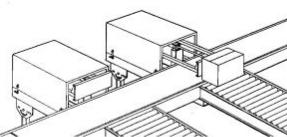
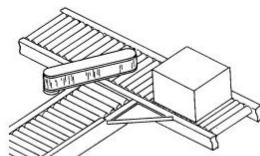
speed & volume - automation - dock flexibility

small-to-medium size companies: pop-up wheel, pop-up belt, push diverters, right angle

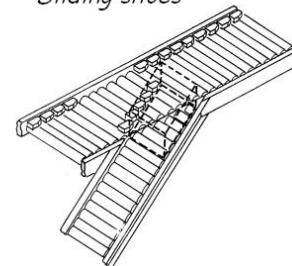
larger facilities: sliding shoe, tilt tray, cross belt



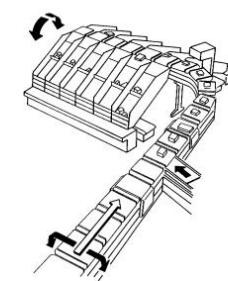
Diverters



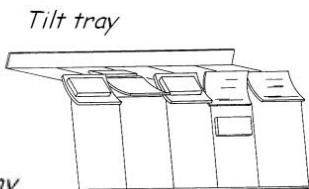
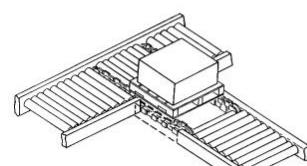
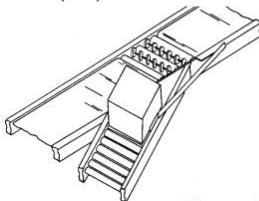
Sliding shoes



Cross-Belt Transfer Device



Pop-up devices



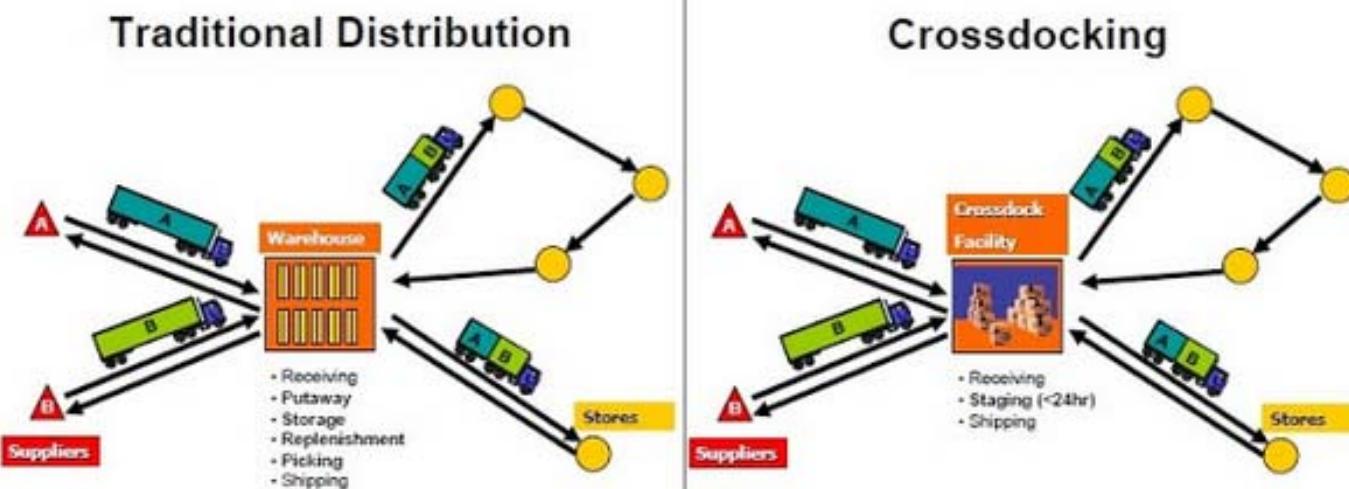
Trends

Linked with trends in material handling & warehousing



Discussion example

Pros – cons ?



Supporting technology

"traditional"	RF Scanning	Visual Logistics	Pick to Light	Voice Technology
Productivity Speed	★★	★★★	★★★★★	★★★★★
Accuracy	★★★	★★★★★	★★★★	★★★★★
Data Capture Capability	★★★★★	★★★★★	★	★
Flexible Multi-Functional Capability	★★★★★	★★★★★	★★	★★
Hands Free	★	★	★★★★	★★★★★
System Cost	★★★★★	★★★★★	★★	★★★



LibBest Library RFID Management System



Anatomy of a Barcode



“newer”

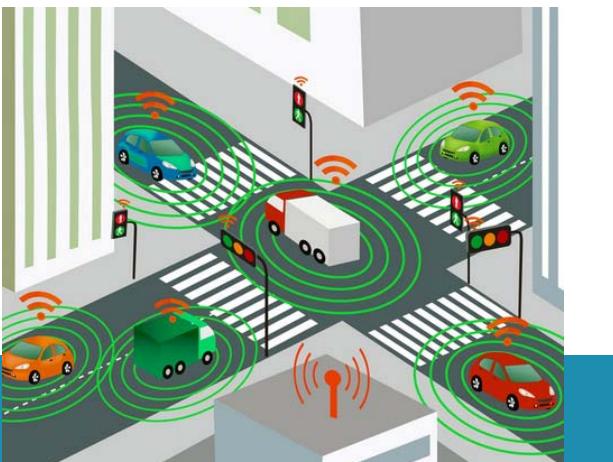
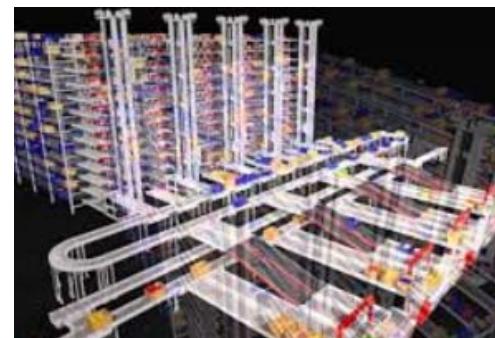
With the assistance of smart glasses

In 2015, DHL tested the use of smart glasses and augmented reality for the first time at a distribution centre in the Netherlands. Wearing the glasses, pickers see information that tells them what to do next. This can accelerate the picking process and reduce errors.

Vision-assisted picking

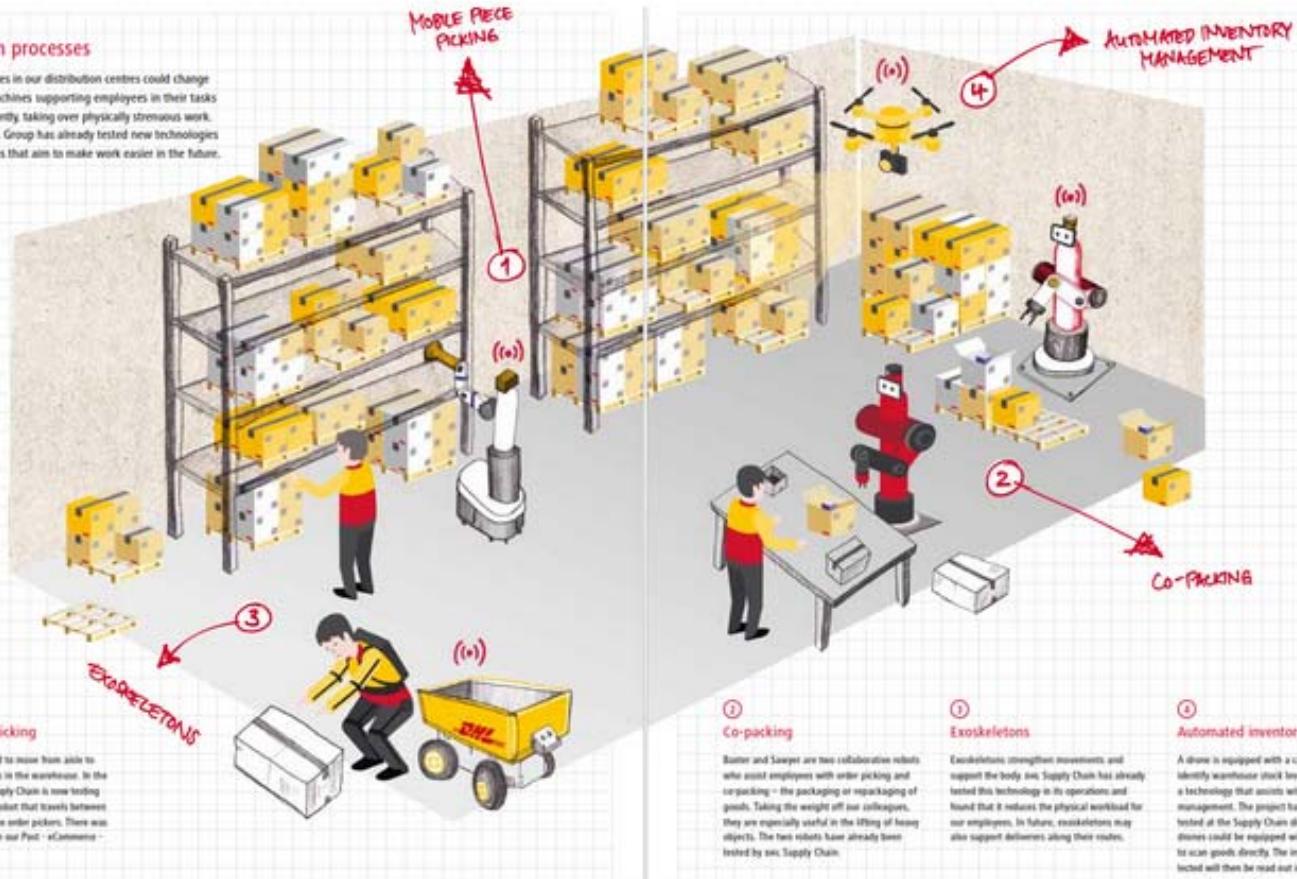


Automation areas



Distribution processes

Numerous processes in our distribution centres could change in future, with machines supporting employees in their tasks and, most importantly, taking over physically strenuous work. Deutsche Post DHL Group has already tested new technologies at various locations that aim to make work easier in the future.



① Mobile piece picking

Pickers previously had to move from aisle to aisle to retrieve goods in the warehouse. In the United States, our Supply Chain is now testing a small autonomous robot that travels between aisles thus relieving the order pickers. There was also another project in our Post e-Commerce - Parcel division.

② Co-packing

Buster and Sawyer are two collaborative robots who assist employees with order picking and co-packing – the packaging or repackaging of goods. Taking the weight off our colleagues, they are especially useful in the lifting of heavy objects. The fast robots have already been tested by our Supply Chain.

③ Exoskeletons

Exoskeletons strengthen movements and support the body. Our Supply Chain has already tested this technology in its operations and found that it reduces the physical workload for our employees. In future, exoskeletons may also support deliverymen along their routes. A drone is equipped with a camera that can indicate warehouse stock levels from the air – a technology that assists with inventory management. The project has already been tested at the Supply Chain division. In future, drones could be equipped with smart sensors to scan goods directly. The information collected will then be read out in order to deliver precise inventory data.

Wrap-up

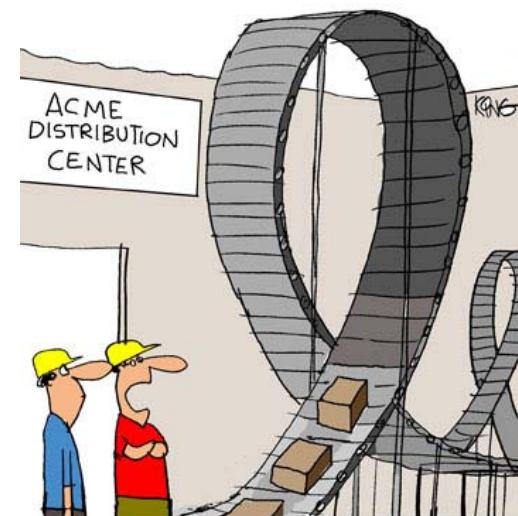


Important issues

What is order picking about? What types are there around? What is the terminology used?

What do order picking algorithms try to accomplish?

Challenges? Supporting technology?



"It was someone from corporate's idea to improve our inventory turns."