



3 0 FIELD GUIDE

What the symptom is really telling you

Ten common operational problems: the usual causes, the evidence to check, and a first move for this week.

WHAT IS INSIDE

- | | |
|---|---|
| 01 Deliveries keep arriving late | 0 The warehouse is full and everything takes longer |
| 02 Orders ship short or wrong | 07 Managers spend the day firefighting |
| 03 Overtime and labour hire never go away | 08 The same information is typed in more than once |
| 04 Freight cost is rising faster than sales | 09 Nobody agrees on the numbers |
| 05 Sales are up but profit is not | 10 Supplier costs drift up and nobody challenges them |

3 0 FIELD GUIDE

What the symptom is really telling you

Operations problems rarely announce their cause. Late deliveries get blamed on the carrier, overtime on volume, a full warehouse on growth. Sometimes that is right. Often the cause sits one or two steps upstream, and the people closest to the symptom are the last to be able to see it.

This guide takes ten symptoms we see most often in warehousing, distribution and transport. For each one: the usual causes, the evidence that tells you which cause is yours, a rough idea of what it costs, and one thing you can do this week without buying anything.

10

symptoms, one page each

1 to 2 hours

for this week's action

\$0

to use any of it

6 stages

in the method behind it

How to use it

Find your symptom. Do the 'this week' action before you form a view. It takes an hour or two and it is usually enough to tell you whether you have a small fix or a bigger piece of work. The dollar figures are illustrations to help you size the problem, not benchmarks and not a diagnosis of your operation.

The method behind it

360 works the same way on every job, from the ten minute health check to a relocation. Six stages, one loop, and the loop is judged on what the operation does afterwards, not on the report.

01

Diagnose

Site walk, data pull and process mapping to find the leaks.

02

Validate

Findings tested against your own data: DIFOT, cost to serve, hours.

03

Design

The fix engineered on paper first: layout, routing, resourcing, costed.

04

Procure

Equipment, suppliers, transport and pallets sourced to the design.

05

Implement

Mobilised on site to a plan, with a go-live checkpoint.

06

Optimise

Measured against the design and fed into the next diagnosis.

01

DELIVERY PERFORMANCE

Deliveries keep arriving late

What you see. Customers chasing orders. Carrier blamed most weeks. Express freight creeping up to recover.

USUAL CAUSES	EVIDENCE TO CHECK
■ Orders are released to the floor after the time they need to be to make the truck ■ Stock is not there when the order drops, so lines wait or ship short ■ Promise dates are given without checking capacity or cut-offs ■ Routes or carrier pickups no longer match where and when customers order	☐ Order release time against carrier cut-off for every late order in the last four weeks ☐ Late orders split by cause: released late, stock short, carrier late, customer not ready ☐ Share of orders promised inside your real lead time

What it costs. Every late order costs twice: recovery freight and credits now, and the customer's next tender later. If 5 percent of 400 orders a week need \$60 of recovery, that is about \$62,000 a year before lost sales.

This week

For one week, write the release time and the truck cut-off next to every late order. Count how many were late before they left the building.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **DIFOT Review**, 360operationsgroup.com.au/consultancy/reviews/#difot. Do it yourself: **KPI and DIFOT Toolkit**, 360operationsgroup.com.au/consultancy/tools/#kpi-difot.

02DELIVERY PERFORMANCE

Orders ship short or wrong

What you see. Credit notes for shorts and mis-picks. Pickers walking to empty locations. Customers ordering extra 'just in case'.

USUAL CAUSES	EVIDENCE TO CHECK
■ System stock does not match the shelf, so orders are promised against stock that is not there ■ Pick faces are not replenished before the wave starts ■ Similar products are slotted side by side with similar codes ■ Checks happen at the end, when it is too late to fix cheaply	☐ Location accuracy from a 50 location sample count ☐ Short picks by SKU: are 20 lines causing most of them? ☐ Mis-picks by location pair: which neighbours get confused?

What it costs. A short or wrong line is picked twice, delivered twice, credited and explained. Allow \$40 to \$80 a line in handling and freight before the customer relationship.

This week

Count 50 pick locations tomorrow morning before the first wave. If fewer than 47 match, inventory accuracy is your DIFOT problem.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Perfect order mapping**, 360operationsgroup.com.au/consultancy/project/#services.

03OPERATING COSTS

Overtime and labour hire never go away

What you see. Overtime every week, not just at peak. Labour hire that became permanent. The same people exhausted.

USUAL CAUSES	EVIDENCE TO CHECK
■ Work arrives unevenly through the day and the roster is flat ■ Order cut-offs let late orders drive late finishes ■ Travel, rework and waiting are eating paid hours ■ The roster was built for a volume and mix you no longer have	☐ Orders and lines by hour of day against people rostered by hour ☐ Overtime hours by day of week for 12 weeks ☐ Lines per paid hour by function, not just site total

What it costs. Overtime at time and a half on 10 percent of hours adds about 5 percent to the labour bill. On a \$1.5m warehouse payroll that is \$75,000 a year, and it usually hides a planning fix that costs nothing.

This week

Plot last week's order lines by hour against the roster by hour. The gap between the two shapes is where the overtime comes from.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Full-Day Operational Review**, 360operationsgroup.com.au/consultancy/reviews/#review-day.

04

OPERATING COSTS

Freight cost is rising faster than sales

What you see. Freight as a percent of sales up year on year. More small drops. Nobody sure which customers or lanes are driving it.

USUAL CAUSES	EVIDENCE TO CHECK
■ Order patterns have shifted to smaller, more frequent drops ■ Routes were set years ago and have had stops bolted on since ■ Rates have not been tested against the market or against your current profile ■ Surcharges, redeliveries and futile charges are going through unchallenged	☐ Cost per drop and drops per customer per week, this year against last ☐ Vehicle fill and stops per route against capacity ☐ Accessorial charges as a share of the freight bill

What it costs. Transport is usually one of the largest operating costs a distributor has. Savings from drop consolidation and route changes are often worth more than a rate negotiation, and they last.

This week

List your top 20 customers by number of deliveries, not revenue. Look at average order value beside each. The mismatches are your first conversations.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Route Optimisation Review**, 360operationsgroup.com.au/consultancy/reviews/#route.

05

OPERATING COSTS

Sales are up but profit is not

What you see. Busy warehouse, full trucks, flat bottom line. Growth coming from customers who are hard work.

USUAL CAUSES	EVIDENCE TO CHECK
■ Some customers cost far more to serve than their margin covers ■ Service extras given away to win the account have become standard ■ Small order and delivery costs are not reflected in pricing or terms ■ Overheads have stepped up with volume: second shift, overflow storage, extra truck	☐ Orders, lines, deliveries, contacts and returns by customer ☐ Contribution after cost to serve by customer ☐ Average order value trend by customer segment

What it costs. In many distributors a handful of accounts lose money once picking, delivery, service and returns are counted. Fixing how they order is usually worth several points of margin on those accounts.

This week

Pick your five most demanding customers. Count their orders, deliveries and returns for last quarter and divide their gross margin by their deliveries.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Cost to Serve Review**, 360operationsgroup.com.au/consultancy/reviews/#cost-to-serve. Do it yourself: **Cost to Serve Workbook**, 360operationsgroup.com.au/consultancy/tools/#cost-to-serve.

06

WAREHOUSE AND STORAGE

The warehouse is full and everything takes longer

What you see. Pallets in aisles. Double handling to reach stock. Talk of a bigger shed or overflow storage.

USUAL CAUSES	EVIDENCE TO CHECK
Slow and dead stock is occupying prime locations Location sizes do not match pallet heights, so air is being stored Fast movers are spread across the site instead of near dispatch Inbound is arriving earlier or in bigger lots than needed	Stock by last movement date: what has not moved in 6 and 12 months Cube utilisation of a sample of locations Pick travel for the top 100 lines

What it costs. Overflow storage and a bigger lease are the expensive answers. Clearing dead stock, resetting beam heights and re-slotting the fast movers often frees real capacity first, at a fraction of the cost.

This week

Run a stock report sorted by last movement date. Add up the pallets that have not moved in 12 months. That is your first free capacity.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Warehouse layout and configuration**, [360operationsgroup.com.au/consultancy/project/#services](#). Do it yourself: **Warehouse Move Planning Pack**, [360operationsgroup.com.au/consultancy/tools/#move](#).

07

PEOPLE AND STRUCTURE

Managers spend the day firefighting

What you see. Supervisors on forklifts. The ops manager answering order queries. Improvement work never starts.

USUAL CAUSES	EVIDENCE TO CHECK
No daily rhythm: problems are found by customers, not by a morning check Roles have blurred, so everything escalates to the same two people Problems get patched, not fixed, so they come back There are no simple measures at team level to show what is slipping	A one week log of where supervisors' time actually goes Repeat issues: how many of this week's problems also happened last month Who makes which decisions, written down

What it costs. A supervisor who spends half the day covering gaps is a \$90,000 role doing \$60,000 work, and the team has no leader for that half. The bigger cost is the improvement that never happens.

This week

Ask each supervisor to tally interruptions by type for three days. The top two types are fixable causes, not bad luck.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Operational restructuring**, 360operationsgroup.com.au/consultancy/project/#services.

08

PROCESSES AND SYSTEMS

The same information is typed in more than once

What you see. Orders re-keyed from email. Spreadsheets between systems. Month end spent reconciling.

USUAL CAUSES	EVIDENCE TO CHECK
■ Systems were bought one at a time and never connected ■ A workaround for an old limitation became the process ■ Nobody owns the end to end flow, only their step ■ Master data is inconsistent, so automatic matching fails	☐ A map of one order from enquiry to cash, with every touch and re-key marked ☐ Hours a week spent on re-keying and reconciling ☐ Error and credit rates traced to keying

What it costs. Ten hours a week of re-keying is about \$25,000 a year in wages, plus the errors it creates downstream. It is also the most common place for practical automation or AI to pay for itself.

This week

Follow one order from the customer's email to the invoice. Count how many times a person types something that already exists somewhere.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Process mapping and integrations**, 360operationsgroup.com.au/consultancy/project/#services. Do it yourself: **Bringing AI into Your Business**, 360operationsgroup.com.au/consultancy/tools/#ai.

09

PROCESSES AND SYSTEMS

Nobody agrees on the numbers

What you see. Sales, warehouse and finance each bring a different figure. Meetings argue about data, not action.

USUAL CAUSES	EVIDENCE TO CHECK
■ Measures have no written definition ■ Each team pulls from a different system or date ■ Measures are used to defend, not to find problems ■ Too many measures, none owned	☐ The written definition of your top five measures. Do they exist? ☐ One week of the same measure calculated by two teams ☐ Which measures changed a decision in the last month

What it costs. Hard to price, but you can see it: the same problems on the agenda every month. Agreement on five honest measures is usually the cheapest improvement available.

This week

Ask three managers to write down how DIFOT, or your main service measure, is calculated. Compare the answers.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Operational Health Check**, 360operationsgroup.com.au/consultancy/health-check/. Do it yourself: **KPI and DIFOT Toolkit**, 360operationsgroup.com.au/consultancy/tools/#kpi-difot.

10

OPERATING COSTS

Supplier costs drift up and nobody challenges them

What you see. Pallets, wrap, waste, cleaning, labour hire and freight renewed automatically. Invoices approved because they look like last month's.

USUAL CAUSES	EVIDENCE TO CHECK
■ Each supplier has an owner, nobody owns the total ■ Usage is not measured, so price is the only lever anyone sees ■ Contracts roll over because going to market is a lot of work ■ Leakage: lost pallets, contaminated waste loads, consumables walking out	☐ Twelve months of spend by category and supplier ☐ Usage against activity: wrap per pallet out, pallets lost per month, waste lifts against volume ☐ Contract end dates and notice periods

What it costs. Pallets, wrap, waste, cleaning, labour hire and freight add up to a material share of revenue. Usage and leakage fixes plus a properly run market test usually return a worthwhile slice of it, and unlike a one-off saving it repeats every year.

This week

Pull 12 months of invoices for one category, pallets or waste, and chart cost against volume shipped. If the line rises and volume has not, start there.

YOUR NUMBERS			
WHAT YOU COUNTED	RESULT	DATE	WHO

If you want help: **Procurement and supplier review**, 360operationsgroup.com.au/consultancy/project/#services.

What to do next

If the action for your symptom pointed at a clear cause, fix it. You do not need us for that, and most of the fixes in this guide are about cut-offs, counts, rosters and rules, not capital.

If it raised more questions than it answered, there are three ways to go further. Every one has its price and scope published at 360operationsgroup.com.au/consultancy/ before you talk to anyone.

- **Operational health check.** Ten minutes online, no charge, instant result, no email needed. A consultant reviewed Health Check Report is \$490 + GST if you want one.
- **Diagnostic call.** Twenty minutes, no charge. Tell us the symptom. We will tell you what we would look at first and whether we are the right people.
- **A fixed price review.** A Problem Solving Session on one issue (\$1,200 + GST), a DIFOT, route or cost to serve review on your data (from \$5,900 + GST), or the Full-Day Operational Review on site (\$7,500 + GST). If a review does not find its fee in your operation, you do not pay.

360 Operations Group is an Australian operations consultancy led by an operator with 15 years across warehousing, transport and distribution in Australia and New Zealand. You are free to share this guide inside your business. Please do not republish it.