Enhancing the Effectiveness and Efficiency of Warehouse Operations in FMCG Sector in Sri Lanka

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Abstract

Central bank report (2009) emphasis that about 23% of the Gross Domestic Product (GDP) is logistics cost in Sri Lanka, while global benchmark is 10%. Hence, Sri Lanka has failed to utilize 13% of the GDP due to inefficiencies and ineffective logistics practices. Considering logistics, warehousing is one component which can add significant cost to the supply chain. This paper is an attempt to document empirically the relation between factors affecting warehouse efficiency/effectiveness and the overall performance of the warehouse operation. It has studied three factors which affect efficiency and effectiveness of the warehouse operations in Sri Lanka with respect to Fast Moving Consumer Goods (FMCG) industry. Such as, simplicity/complexity of the Warehouse Management Systems (WMS), Product slotting techniques and layout planning of the warehouse. Findings indicate the expected significant correlation between factors affecting warehouse efficiency/effectiveness and the overall performance of the warehouse operation. The results of the research revealed that three factors which have studied, has positive impact to the performance of each warehouse operations. Research findings further revealed other related issues which has been affecting to the effectiveness of the operation. Most of the warehouses do not understand the importance of adopting best practices or may not be successfully implemented in order to increase the level of productivity. So that, this research has provided some recommended practices to the local warehousing sector as well.

Keywords: Warehouse Management Systems, Layout Planning, Product Slotting Techniques, Fast Moving Consumer Goods, Efficiency and Effectiveness, Productivity,