ABSTRACT

The eventual objective of enterprise activity converges with optimizing profitability through increasing revenue and decreasing costs. The results of the enterprise activity reflect the values for shareholders, customer satisfaction and employee satisfaction. Supply chain management and logistics management are one effective methods to pursue the eventual profit objective. This research focuses on the decreasing cost of a warehouse through the optimizing of traffic inside the warehouse. Warehousing costs have a high commonality in the manufacturing industry from upstream to downstream. The logical approach of eliminating the needlessness contributes to reducing the total supply chain costs.

The methodology of class-based storage policy is studied and applied in this research. Class-based storage policy ranks items in the warehouse depends on cargo volume and frequency. The items in the warehouse are partitioned into several storage classes and assigned storage locations within their own storage class area. The comparison between the random storage policy, a current storage policy and class-based storage policy was worked out using the operational data of substantial logistics company.

The results indicated that applying a proper storage policy reduces the asset level and maintenance costs, which includes the direct and indirect manpower with the warehouse operation and management. The application and improving storage policy does not require a huge investment and idling period of the work days. Management of the warehouse can start studying the storage policy and it can be worked out by using excel spreadsheets. Additionally, the significant relationship between the storage policy and the expense of the warehouse was revealed in this research.