

Logistics Project Management Online Session

Topic: Warehouse Design and Impact

Exercise

DISTW is a French Company specialized in warehousing (located in Strasbourg). 3 sites (warehouses) exist in France.

To reduce the inventory costs, DISTW asked the warehouse project manager to perform the task of closing one warehouse. In Table 1 is the summary of the historical data regarding the same product of the 3 main customers in each area of the 3 sites during 5 years.

Suppose, the manager bases his decision on this data only:

- a. What is the main role(s) of the warehouse project manager?
- b. Give the optimal site to close (location). Give argumentation for you choice.
- c. Suppose the warehouse project manager makes his decision without studying the historical data, what could be the impacts of his decision?

Location	Customer ID	Yearly orders (number of items)					Average*	Standard deviation*
		2013	2014	2015	2016	2017		
Strasbourg	Customer X	13 453	54 678	12 435	43 980	43 500	33 609	19 390
Lille	Customer Y	43 090	32 456	23 090	24 656	5 004	25 659	14 002
Nice	Customer Z	10 980	24 098	32 409	45 769	43 509	31 353	14 356

Table 1. Historical Data of the 3 main customers in the 3 sites of DISTW (5 years)

** Reminder:*

Average: is a measure of the mean value of the data set.

Standard deviation: is a measure to quantify the amount of dispersion of a set of data from the mean.