

# Distribution at a Pivot Point: Building the Business Case for Automation



Image source: Amazon



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Today’s businesses are being challenged like never before due to increasing customer expectations amid disruption. Companies now must compete on a cost and service level with market disruptors that have immense capital resources and unprecedented agility. More than ever, the supply chain is a strategic differentiator. How the business views and leverages its network and distribution resources has tremendous impact on outcomes and must be aligned with the strategic goals of the company.

The accelerated shift to eCommerce is re-shaping how companies do business. New health and safety measures are adding to labor costs. Distribution networks with legacy infrastructure are being asked to expand their capabilities and redesign their operations. Supply chain managers who suddenly find themselves sitting at the table with C-suite executives are being asked to find solutions that compete with disruptors like Amazon, eCommerce start-ups, and industry giants jockeying for market share.

In order to achieve the operational flexibility necessary to address the accelerated shift to eCommerce and changing dynamics of disruption, companies must look to automation. Technology brings with it improved capabilities that have the potential to tip the scales and help the business differentiate in a competitive marketplace. Automation, coupled with intelligent warehouse execution software, enables improvements in service (speed, accuracy), better use of space, and ultimately the ability to better deliver on brand promises.

With automation, companies can reduce risk and reliance on labor and re-allocate the workers they do have to more value-add tasks in the DC. It can provide the fulfillment speed, reliability and accuracy that is critical for modern day businesses. Since today’s consumers are surrounded by choices, late or faulty orders can lead to significant losses.

Automation also allows companies to better use the physical space they have. DCs are starting to build up, rather than out. Many automated technologies can take advantage of vertical space, saving the costs of adding extra square footage. As digital fulfillment drives more companies to



invest in urban micro-fulfillment centers, high-density automation solutions offer a way to use expensive real estate more efficiently and quickly respond to local demand.

Companies must look at automation not as a fast fix, but through the lens of how it will impact the company's strategic and financial objectives now and in the future. In other words, automation must be part of a larger strategic conversation between a company, its board of directors, and other stakeholders. This is because the real value of automation comes from the integration of an overall end-to-end solution (not just point solutions) that marries the right technologies and intelligent software in an operations design that maximizes the business case.

When preparing the business case for automation, consider the following:

1. *Identify your business needs.* This may seem obvious, but it may take a significant amount of work to determine your exact business needs. What are you looking to impact and how? How does this translate into financial outcomes and what is the level of investment required?
2. *Identify your stakeholders.* Clearly identify stakeholders, have them participate in the process from early on, and make sure that they're focused on producing an output that is not alien or different from how that organization has looked at other investments in the past.
3. *Learn the common language.* You must be able to speak to stakeholders across all levels of your business. Make sure you know the actual top-line or bottom-line improvements that the organization is going to achieve with these investments. Since no two organizations look at the business case in the same way, consider how you normally communicate investments to your CEO and board.
4. *Break implementation into stages.* Breaking your investment into phased or staged investments can help board members and C-suite stakeholders more easily make decisions to move forward. It also provides flexibility to adjust to changes in the business over time.
5. *Consider a pilot program or a light approach.* When you're deploying a point solution in either one DC or across multiple, consider a pilot



program to prove your solutions work against the business case you've put together before moving forward with larger investments.

6. *Remember, it will take time to achieve results.*  
C-level board executives at any one point are likely considering several competing projects. In that context, investments in the supply chain and distribution capabilities are typically high-level investments with extended return periods. This must be very clearly understood within the broader organization and within the supply chain function. The business may not see the full impact of a significant investment for two to three years. The longer you wait to get started, the further behind you will potentially be.

It's important to remember that investing in automation is about more than cost savings. It's about creating the ability to deliver on brand promises to customers today and well into the future.



## THE FORTNA SOLUTION

At Fortna, we have designed and built hundreds of world-class distribution operations across the globe for clients in consumer goods, life sciences and grocery verticals. Our diverse staff of engineers, consultants, software specialists, procurement specialists, construction experts, and more ensures our strategies and our designs are better informed, more practical, and implementable.

We work with our clients to identify and define the business case and then find a common language to align stakeholders. We know that distribution design decisions will affect the entire company and that you'll need broad buy-in to ensure a successful implementation. As a result, we involve an expanded set of stakeholders from the beginning – and we engage them throughout the process.

No two companies are the same. That's why it's important to find the right automation technologies for your business.

**For more information, contact The Distribution Experts at [info@fortna.com](mailto:info@fortna.com).**

## THE DISTRIBUTION EXPERTS™

Fortna partners with the world's leading brands to transform their distribution operations to keep pace with digital disruption and growth objectives. Known world-wide as the Distribution Experts, we design and deliver intelligent solutions, powered by FortnaWES™ software, to optimize fast, accurate and cost-effective order fulfillment. Our people, innovative approach and proprietary algorithms and tools, ensure optimal operations design and material and information flow. We deliver exceptional value every day to our clients with comprehensive services including network strategy, distribution center operations, material handling automation, supply chain systems and warehouse software design and implementation.

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