

Annual WERC Distribution Center Metric Report Shows Leaders Continue to Expand Lead over Laggards

How Performance is Achieved more Important than the Numbers, Karl Manrodt Says; WERC Announces New On-Line Benchmarking Tool

SCDigest Editorial Staff

The Warehouse Education and Research Council (WERC) recently released its sixth annual study on distribution center performance (**DC Measures 2009**), and SCDigest caught up with report co-author **Dr. Karl Manrodt** of Georgia Southern University to discuss key findings and themes. A video of that interview can also be found here: [Supply Chain Video: Dr. Karl Manrodt on Sixth Annual DC Metrics Report.](#)

The report is based on survey data on a variety of performance metrics from nearly 700 logistics and distribution professionals. A key finding: logistics performance leaders continue to gain over the middle of the pack and the laggards.

"We break the data into quintiles [5 groups of 20% each], and then we compare the top group to the median and how they are tracking over time," Manrodt said. "What we are finding over the past five years is that the median levels are improving, but the top performers are getting better faster than the median group."

Manrodt has seen similar evidence in another annual study he co-authors on transportation and logistics (See [What Makes a Company a "Master of Logistics?"](#)). Together, they provide some quantitative evidence that the best are widening their performance lead, an observation many consultants have made anecdotally.

"Best in class companies continue to perform better," Manrodt added. "That ought to be a clarion call to those that are not improving their metrics, because they are going to get further and further behind."

Manrodt, however, says that you have to be careful not to focus too much on the just the numbers in studies like this, or when doing benchmarking with other companies.

All told, respondents once again showed continuous improvement overall, with median performance levels increasing in 7 of the top 10 ten DC metric categories. Overall, over 50 performance metrics are tracked in the study.

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"My partner in this study, **Kate Vitasek**, has a saying on this: "The numbers are interesting." And they are interesting," Manrodt said. "But if I stop there, there is a real danger to that. What you really need to ask is what's the process, what's the qualitative side, how did someone get that number?"

For example, Manrodt says a given performance level could have been achieved only at huge cost that wasn't worth the improvement level.

In conjunction with this year's report, WERC has also announced a new on-line benchmarking tool

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that allows WERC members to enter their data and get immediate performance comparisons versus various breakouts of the most recent study population. Both that tool and the full report are available to members at www.werc.org.

