Illustrative operations assessment

Inventory accuracy and office to warehouse handoffs

Fictional U.S. distributor | Prepared October 24, 2026

A practical starting point for the owner

Start with one shelf area and one order-release routine. In this fictional scenario, we recommend clarifying how stock movements are recorded and what the office must provide before work reaches the warehouse. Test those changes before considering new software or a wider rollout.

This is a fictional teaching example. The business, observations, records, dates, costs and estimates were created to show how Coleman Efficiency could structure an assessment. No site visit, client engagement or measured improvement took place.

The assumed business

A small distributor in the Arkansas-Oklahoma River Valley sells maintenance and packaging supplies to nearby businesses. Orders arrive by email and phone. Office staff enter them into an existing inventory system; warehouse staff pick, stage and release the goods.

Assumption	Illustrative scope
People	9 staff, including an owner, office manager and warehouse lead
Facility	One 12,000-square-foot warehouse; one daily shift
Stock	600 active stock-keeping units (SKUs)
Workload	80 order lines per day; 5 days per week
Planning calendar	50 operating weeks per year; steady volume assumed

What the owner would receive

A short findings log with its evidence and limits, a current-workflow map, a one-page order-release checklist, a stock-movement work instruction, named owners and a simple weekly check sheet. The owner approves the scope and changes; designated client staff maintain the records.

Observe → Define → Implement → Sustain. This example follows that sequence through a small pilot and a review. Software, equipment, accounting and safety decisions remain with the client and its qualified providers.

Illustrative observations and evidence

The invented baseline covers **May 4-15, 2026**: 10 business days and 800 order lines. Each coded episode affects one distinct line; the 36 inventory and 24 handoff lines do not overlap. Reviewing all 800 lines confirms that the 776 outside the handoff group contain every required release field. These are constructed records, not evidence from a real business.

Observation in the scenario	Illustrative record	What it supports
9 of 60 counted item locations differed from the system quantity.	A targeted count sheet for selected fast-moving locations; 15% differed.	The selected locations need reconciliation. This is not a warehouse-wide accuracy rate.
36 inventory-search or recount episodes used 12 person-minutes each.	An exception log with start/stop notes and all participating staff time.	432 person-minutes of recorded rework over 10 days.
24 order-release episodes lacked a location, quantity or priority confirmation. Each used 10 person-minutes to resolve.	Order packets and a handoff log, reviewed across the 800 lines.	240 person-minutes of recorded rework; 24/800 = 3% of lines had this coded issue.

Hypotheses to test

Stock movements may be recorded after the goods move. The office and warehouse may use different definitions of an order that is ready to release. A walkthrough and timestamp comparison would test these explanations; the counts alone do not establish their causes.

Conclusions within this fictional example

There is enough assumed rework to justify a limited pilot of clearer movement records and a shared release checklist. The evidence does not establish theft, poor individual performance, a system defect or a need to buy software. No improvement has been demonstrated.

Limits of the baseline

Two weeks cannot represent seasonality, staffing changes or unusual orders. The count sample is targeted, not random. Staff-recorded time can be imprecise. Each episode is assigned once to its primary reason; total person-minutes include all participants and exclude waiting time when nobody is working on the issue.

A six week implementation sequence

This is an illustrative schedule, not a commitment to availability. Start only after the owner agrees the scope, responsibilities and time needed. Use existing tools where they can support the work.

Weeks 1 and 2 Observe and define

Owner and warehouse lead: confirm the pilot shelf area, reconcile its stock and agree when each movement must be recorded. **Office manager:** map the current handoff with warehouse staff and list the minimum release information. Together, confirm the baseline definitions and who can approve adjustments.

Output: an agreed workflow, a cause-and-evidence log and a draft one-page checklist. Reconciliation gives the pilot a known starting point; it does not prove that the underlying cause has been fixed.

Weeks 3 and 4 Implement a small pilot

Office manager: trial the release checklist for one order stream. Include item, quantity, location, required date and the person resolving an exception. **Warehouse lead:** test the movement instruction and clear shelf labels in the selected area. Record exceptions and time using the same definitions as the baseline.

Output: dated trial instructions and a short exception log. Train the staff who will use them, ask them to demonstrate the steps and check whether the change adds work elsewhere. Client staff or authorized providers make any system changes.

Week 5 Review and adjust

Owner, office manager and warehouse lead: compare two pilot weeks with the baseline, allowing for volume and order mix. Review each remaining exception and any new delays. Keep, revise or stop the trial based on the evidence. Do not expand a process that shifts the burden to another team.

Week 6 and ongoing Sustain

Warehouse lead: run two 20-minute count and exception checks per week. **Office manager:** spend 8 minutes updating the shared weekly sheet. These 48 total person-minutes are a planning allowance to test, not a guaranteed workload. Name a backup for each task.

Owner: review results after 30 and 60 days, approve any expansion and assign ownership of the current instructions. Keep revision dates visible and remove obsolete working copies after the replacement is approved.

Illustrative effort and capacity estimate

Every amount below is an assumption for this scenario. The 50% reduction is a pilot hypothesis, not an achieved result. The model counts only labor time for the two mutually exclusive exception categories.

Calculation	Illustrative amount
Inventory rework over 10 days	36 × 12 = 432 person-minutes
Handoff rework over 10 days	24 × 10 = 240 person-minutes
Weekly baseline rework	(432 + 240) ÷ 60 ÷ 2 = 5.6 staff-hours
Gross weekly capacity at 50% less rework	5.6 × 50% = 2.8 staff-hours
Less ongoing count and log time	0.8 staff-hours per week
Net weekly capacity	2.8 - 0.8 = 2.0 staff-hours
Stabilized annual capacity at 50 weeks	2.0 × 50 = 100 staff-hours
Planning value at assumed loaded labor cost	100 × USD 28 = USD 2,800 per year

Loaded labor cost includes an assumed allocation for wages and employer costs. The annual figure is a **stabilized run-rate** after the process is established. It excludes setup and pilot weeks and is not a forecast of first-year realized benefit.

Illustrative setup resources

Allow 12 staff-hours for drafting, training, labeling and review: 12 × USD 28 = USD 336 of labor capacity. Add USD 180 for labels and basic supplies. Total illustrative resource cost is **USD 516**. Cash outlay would be USD 180 only if the staff time fits within already-paid hours and no overtime or other purchase is needed.

Capacity is different from cash savings

Released time could be used for other work. Payroll does not fall automatically. Cash savings would require separate evidence of a reduced expense. No inventory write-off, sales, overtime or waiting-time benefit is added to this model, and no payback is claimed.

CE fees are excluded. These staff and supply assumptions are not a CE quote, rate card or fixed project price. Any CE engagement would have its own agreed scope and fees. If the pilot produces less improvement or needs more upkeep, revise the estimate before deciding to expand.

How the owner would check progress

Compare the two pilot weeks with the 10-day baseline using the same definitions. Record order volume, unusual work and staff coverage so a quieter week is not mistaken for an improvement. Suggested thresholds are decisions for this fictional pilot, not promised outcomes.

Measure and definition	Baseline in the scenario	Suggested pilot check
Exception rate: uniquely coded episodes ÷ order lines.	60 ÷ 800 = 7.5%; inventory 4.5%, handoff 3.0%.	Test a 50% relative reduction to 3.75% total; also inspect each category.
Rework: total active person-minutes ÷ order lines.	672 ÷ 800 = 0.84 person-minutes per line.	Test 0.42 or less; deduct actual added upkeep when calculating net capacity.
Inventory discrepancy rate: mismatched item locations ÷ locations checked.	9 ÷ 60 = 15% in the targeted sample.	Recheck the same pilot locations. Explain differences; do not extrapolate to all stock.
Handoff completeness: reviewed lines with all required release information ÷ reviewed lines.	776 ÷ 800 = 97%.	Test at least 98.5% (12 incomplete lines out of 800) with unchanged field definitions.

Guardrails and the next decision

Track late releases and staff-reported difficulty. A lower count is not enough if work is delayed, errors are hidden or staff stop recording problems. Pause or revise the pilot if service, safety or recording quality worsens. If required checklist fields change, establish a comparable baseline before claiming improvement.

A simple routine to keep the change working

Use one weekly sheet with the date, volume, exception category, active minutes, upkeep minutes, owner and next action. The warehouse lead and office manager check unresolved items together; the owner reviews recurring issues at the 30-day and 60-day follow-ups. Recheck the instructions when work, staffing or the system changes.

The useful outcome is a documented decision: continue the change, adjust it, or stop it with a recorded reason. A real assessment would replace every illustrative assumption with agreed evidence before recommending a wider investment.

Start a conversation

Tell us where the work is getting stuck at colemanefficiency.com/contact.html. This sample shows the form of the work; the right scope depends on the business.